
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

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

or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1999

or

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

Commission File Number 1-14528

CNH GLOBAL N.V.

(Formerly New Holland N.V.)

(Exact name of registrant as specified in its charter)

Kingdom of The Netherlands

(State or other jurisdiction of
incorporation or organization)

**World Trade Center
Tower B, 10th Floor
Amsterdam Airport
The Netherlands**

(Address of principal executive offices)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on which Registered</u>
Common Shares, par value Euro 0.45	New York
Case Corporation 7 ¹ / ₄ % Notes due 2016	New York

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: 149,660,000 Common Shares

Indicate by check mark whether the registrant has (1) 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) been subject to such filing requirements for the past 90 days.

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 or Item 18 .

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

CNH Global N.V. combines the operations of New Holland N.V. (“New Holland”) and Case Corporation (“Case”) as a result of their business merger (“the merger”) on November 12, 1999 (“the merger date”). Effective with the closing of the merger, New Holland changed its name to CNH Global N.V. As used in this report, “CNH” refers to CNH Global N.V. and its consolidated subsidiaries.

The annual consolidated financial statements of New Holland were historically prepared in accordance with International Accounting Standards or IAS. CNH has prepared its annual consolidated financial statements in accordance with generally accepted accounting principles in the United States or U.S. GAAP, and certain reclassifications have been made to conform the historical financial statements to the CNH presentation. The accompanying financial statements reflect the historical operating results of CNH, including the results of operations of Case since the merger date. CNH has prepared its consolidated financial statements in U.S. dollars and, unless otherwise indicated, all financial data set forth in this report is expressed in U.S. dollars.

Certain information in this report has been presented separately by geographic area. CNH defines its geographic areas as (1) North America, (2) Western Europe, (3) Latin America, and (4) Rest of World. As used in this report, all references to “North America,” “Western Europe,” “Latin America” and “Rest of World” are defined as follows:

- North America — United States and Canada.
- Western Europe — Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
- Latin America — Mexico, Central and South America, and the Caribbean Islands.
- Rest of World — Those areas not included in North America, Western Europe and Latin America, as defined above.

In this report, management estimates of market share information are generally based on registrations of equipment in most of Europe and on retail data collected by a central information bureau from equipment manufacturers in North America, as well as on shipment data collected by an independent service bureau. Not all agricultural and construction equipment is registered, and registration data may thus underestimate actual retail demand. In many countries, there may also be a period of time between the delivery, sale and registration of a vehicle; as a result, delivery or registration data for a particular period may not correspond directly to retail sales in such a period.

* * * * *

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

The information included in this report contains certain forward-looking statements and involves risks 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 and can fluctuate significantly. Housing starts and other construction activity are sensitive to interest rates and government spending. Some of the other significant factors for CNH include general economic and capital market conditions, the cyclical nature of its business, foreign currency movements, 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), the effect of conversion to the Euro, 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. Further information concerning factors that could significantly impact expected results is included in the following sections of this Form 20-F: Business — Business Strategy, Employees, Environmental Matters, Seasonality and Production Schedules and Competition; Legal Proceedings; and Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART I

Item 1. Description of Business.

CNH, a corporation organized under the laws of the Kingdom of The Netherlands, is a leader in the agricultural equipment, construction equipment and financial services industries. CNH is the largest manufacturer of agricultural equipment in the world, the third largest manufacturer of construction equipment and has one of the world's largest equipment finance companies. CNH distributes its strong, globally recognized brands in over 160 markets through an extensive network of approximately 10,000 dealers and distributors.

CNH combines the operations of New Holland and Case as a result of their business merger on November 12, 1999. Effective with the closing of the merger, New Holland changed its name to CNH. As used in this report, all references to "New Holland" or "Case" refer to (1) the pre-merger business and/or operating results of either New Holland or Case on a stand-alone basis, or (2) the CNH multi-branding strategy that supports the continued use of the New Holland and Case product brands.

CNH has three business segments: Agricultural Equipment, Construction Equipment and Financial Services. CNH's equipment operations manufacture, market and distribute a full line of farm and construction equipment on a worldwide basis. CNH is the largest global manufacturer of agricultural tractors and also has leading positions in combines, hay and forage equipment and specialty harvesting equipment. In construction equipment, CNH has leading positions in excavators, crawler dozers, graders, wheel loaders, loader/backhoes, skid steer loaders and trenchers. CNH also provides a complete range of replacement parts and services to support its equipment. On a pro forma basis after giving effect to the merger, CNH's net sales from equipment operations were approximately \$10 billion in 1999.

CNH offers a broad array of financial services products, including retail financing for the purchase or lease of new and used CNH and other manufacturers' products and other retail financing programs. To facilitate the sale of its products, CNH offers wholesale financing to dealers and rental equipment yards. Wholesale financing consists primarily of floorplan financing and allows dealers to maintain a representative inventory of products. CNH's retail financing alternatives are intended to be competitive with financing available from third parties. At December 31, 1999, CNH's serviced portfolio of receivables was approximately \$11 billion. On a pro forma basis after giving effect to the merger, CNH's revenues from financial services were approximately \$785 million in 1999.

New Holland / Case Merger

On November 12, 1999, New Holland acquired Case for \$4.6 billion in cash, including related costs and expenses. CNH financed the merger with total borrowings of \$3.0 billion under short-term credit facilities, a subordinated advance to capital of \$1.4 billion from New Holland Holdings N.V., a wholly owned subsidiary of Fiat S.p.A., and available cash of \$200 million. As of the merger date, New Holland Holdings N.V. held approximately 71.1% of the common shares of CNH. For additional information on the merger of New Holland and Case, see Note 3 to the CNH Financial Statements included in Item 18 of this report.

Case, a leading worldwide designer, manufacturer, marketer and distributor of farm equipment and light-to medium-sized construction equipment, had 1999 revenues of \$5.1 billion, including \$4.6 billion for sales of farm and construction equipment and approximately \$500 million in revenues from its financial services operations.

Industry Overview

Agricultural Equipment

Most agricultural equipment is purchased by the operators of food and grain producing farms and by independent contractors that provide services to such farms. One of the key factors influencing sales of agricultural equipment is the level of total farm cash receipts, which is impacted by the volume of acreage

planted, commodity prices, crop yields, farm operating expenses and government subsidies or payments. General economic conditions, interest rates and the availability of financing also influence sales. Farmers tend to postpone the purchase of equipment when the farm economy is depressed, 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. Government policies, including the availability and extent of government subsidies, also affect the agricultural equipment market by directly or indirectly regulating or influencing the levels of acreage planted and crop prices.

Customer preferences regarding product types and features vary by region. In North America, Europe, Australia and other areas where soil conditions, climate, economic factors and population density allow for intensive mechanized agriculture, farmers demand high capacity, sophisticated machines equipped with current technology. In Europe, where farms are generally smaller than those in North America and Australia, there is greater demand for somewhat smaller, yet sophisticated, machines. In the developing regions of the world where labor is abundant and infrastructure, soil conditions and/or climate are not adequate for intensive agriculture, customers prefer simple, robust and durable machines with lower purchase and operating costs. In many developing countries, tractors are the primary, if not the sole, agricultural equipment, and much of the agricultural work in such countries that cannot be performed by tractor is carried out by hand. A growing number of “part-time” or “hobby” farmers in Europe and North America also prefer simple, low-cost agricultural equipment. CNH’s position as the most geographically diversified manufacturer of agricultural equipment with its broad geographic dealer network allows it to supply customers in each of its significant markets with products that meet their requirements and preferences.

Major trends in the agricultural industry include a growth in farm size and machinery capacity, concurrent with a decline in the number of farms and units of equipment sold. The agricultural equipment industry, in most markets, began to experience an increase in demand in the early 1990s as a result of both higher commodity prices and low levels of grain stocks worldwide. The amount of land under cultivation also increased as government agricultural support programs shifted away from mandatory set-aside programs. This trend was maintained through 1997, but the markets started to decline in 1998 as a result of generally unfavorable economic conditions, lower commodity prices and reduced aid to developing countries. In 1999, global prices for agricultural commodities remained low and, as a result, industry demand for agricultural equipment continued at depressed levels.

Construction Equipment

Contractors, farmers, builders and rental fleet owners are the primary purchasers of light- to medium-sized construction equipment, while major customers of heavy equipment include construction companies, municipalities, local governments and rental fleet owners. The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodeling and renovation, each of which is primarily impacted by prevailing interest rates. The light- to medium-sized equipment sector is experiencing significant growth as smaller machines, equipped with multiple attachments for specialized applications, replace other forms of tool carrying and material handling equipment, including some heavy equipment. This trend, which is partially related to low levels of public spending on new infrastructure, favors increased sales of skid steer loaders, mini- and midi-excavators, mini-wheeled loaders, loader/backhoes and telescopic handlers.

Construction equipment products are utilized similarly worldwide. In developed markets, customers tend to favor more sophisticated machines equipped with the latest technology and comfort features. In less developed markets, customers tend to favor more basic equipment with greater perceived durability. With respect to power capacity, customer demand and the range of products offered does not vary significantly from one market to another. Customers in North America and Europe place strong emphasis on product reliability, while in other markets, customers often use a particular piece of equipment even after its performance begins to diminish. In general, most construction equipment sold in mature markets such as North America and Europe replaces older equipment. In contrast, demand in less mature markets includes replacements and net increases in equipment demand.

Sales of heavy construction equipment are particularly dependent on the levels of major infrastructure construction and repair projects, which is a function of government spending and economic growth. The heavy equipment industry in North and South America, as well as in Europe, is primarily a replacement market that follows general economic patterns, whereas the industry in newly industrialized and emerging markets exhibits an overall growth trend. In recent years, demand for heavy construction equipment in North America has increased as interest rates have remained relatively stable and the level of government spending on infrastructure projects has increased. In Europe, demand has also been increasing, primarily as a result of higher spending by European governments.

Financial Services

To facilitate sales of agricultural and construction equipment products, CNH and other major providers of financial services typically offer retail financing to end-use customers and wholesale financing to equipment dealers. Retail financing consists of the financing of retail installment sales contracts, leases and similar products, including insurance, for the benefit of retail customers in conjunction with the purchase of new and used equipment from dealers. Wholesale financing consists primarily of dealer floorplan financing and allows dealers the ability to maintain a representative inventory of products. CNH also provides financing options to dealers and non-captive third parties to finance inventory, working capital, real estate acquisitions, construction and remodeling, business acquisitions, dealer systems and service and maintenance equipment.

CNH competes primarily with banks, finance companies and other financial institutions. Typically, this competition is based upon customer service and finance rates charged. Long-term profitability in CNH's financial services segment is largely dependent on the cyclical nature of the agricultural and construction equipment industries and on prevailing interest rates.

Business Strategy

CNH's primary objectives are growth, value creation for shareholders and increased customer satisfaction. As the first global full-line competitor in both the agricultural and construction equipment markets, CNH plans to grow its business through market expansion and product offering enlargement. CNH expects that its commitment to cost controls and to more efficient and effective use of resources will create value for its shareholders, and CNH believes that its focus on further improving its products, distribution and services will lead to increased customer satisfaction and loyalty.

CNH is managed as a global company, keeping separate Case and New Holland brand names and dealer networks. CNH is organizing its manufacturing operations with global product line responsibilities, and CNH will organize its sales and marketing activities on a geographic basis, keeping separate the dealer- and customer-related activities of New Holland and Case.

Capitalize on Global Brands Through Multi-Distribution

CNH intends to build on its global distribution network and world-class brands to further strengthen its position in all principal existing markets and to access growth opportunities by entering new markets. CNH will distribute New Holland and Case products and services through their existing global dealer networks. CNH believes this strategy will maintain a high level of dealer and customer loyalty, enhance its global market position and create cross-selling opportunities.

Leverage Operational Expertise to Enter New Markets

CNH believes that the merger of Case and New Holland will enable further global expansion in the agricultural equipment and construction equipment industries. The merger provides CNH with opportunities to significantly enhance its worldwide equipment product offerings.

CNH views international expansion, particularly in the construction industry, as a principal source of future growth and intends to expand primarily into markets characterized by rapidly increasing food, housing

and infrastructure demand. CNH plans to capitalize on its position as the most geographically diversified manufacturer in its industries to identify and pursue opportunities in these desirable markets. CNH expects to expand its local manufacturing and distribution operations in selected developing markets through a combination of internal development, joint ventures and acquisitions.

Invest in Product Development and Common Product Platforms

To retain existing customers, attract new customers and enhance its competitive position, CNH plans to continue to invest in product development to strengthen and broaden its product lines. CNH intends to:

- introduce products with leading-edge technology;
- tailor product offerings for entering new geographic markets and customer segments;
- upgrade equipment models with an emphasis on quality, reliability and product simplification; and
- pursue complementary product lines through strategic partnerships, joint ventures and acquisitions.

CNH will seek to develop, over time, global products that maximize common design elements and share capital-intensive components. The use of common product platforms with differentiated product features for its different brands should permit CNH to lower product development and manufacturing costs, increase production efficiencies and reduce inventories and order-to-delivery cycle times.

Focus on a Two-Tiered Agricultural Equipment Product Offering

In order to address the differing product feature requirements of its global customer base, CNH will pursue an agricultural equipment product strategy that focuses on offering two distinct classes of products.

In targeting customers in developed countries, as well as the largest customers in some developing countries, CNH will continue to develop advanced or “lead” products with technology that leads the market in terms of reliability, performance, features and innovation. In addition, CNH intends to leverage its product development capabilities to serve market niches and to satisfy the specialized requirements of these customers.

For developing markets, CNH intends to adapt existing products or develop new, value-oriented products for its “base” product line. CNH will design products for fundamental functionality and, over time, will feature advancing product technology. In a given market, CNH intends its base products to be the best available in their class and to accommodate the evolution of local customer needs.

Continue Reengineering Core Business Processes

CNH intends to improve its operations by identifying and implementing throughout CNH the best practices of New Holland and Case. Through the combination of New Holland and Case, CNH expects to achieve annual operating synergies of \$400 - \$500 million within three to four years, and savings should begin to be realized in the year 2000. To generate these cost savings, CNH will focus on enhancing its core business processes, including product development, manufacturing and supply chain, and on providing shared administrative services.

Expand Financial Services Operations

CNH intends to expand its financial services operations internationally by cross-selling existing products in established markets, leveraging its geographic presence in Europe, Brazil and Australia and introducing its products and services in selected countries not previously served. CNH will also seek to improve its penetration with respect to current customer purchases by broadening the selection of financial services products that it offers in order to meet a larger portion of the financing needs of its customers. CNH intends to diversify its customer base by targeting the financing needs of purchasers of industrial equipment not manufactured by CNH. In addition, CNH will generate cost savings by jointly developing new products, leveraging funding opportunities and migrating to common information technology systems and business processes. CNH believes that a strong financial services base will provide a stable source of earnings through the cycles of the agricultural and construction equipment markets.

Products and Markets

CNH designs, manufactures and distributes agricultural and construction equipment and provides financial services through several subsidiaries and joint ventures. CNH has operations in 16 countries and sells and distributes its products in 160 markets through an extensive network of approximately 10,000 dealers and distributors.

On a pro forma basis after giving effect to the merger, CNH's 1999 sales of farm and construction equipment represented 93% of total revenues, and financing operations accounted for 7% of total revenues. CNH's pro forma sales of farm equipment represented 62% of revenues from 1999 equipment sales, and sales of construction equipment represented 38% of such revenues. For the year ended December 31, 1999, CNH's pro forma net sales of equipment were generated from the following geographic areas: North America 41%, Western Europe 42%, Latin America 6%, and Rest of World 11%.

Equipment Operations

Agricultural Equipment

CNH is the world's largest manufacturer of agricultural equipment and the largest global manufacturer of agricultural tractors. CNH also has leading positions in combines, hay and forage equipment and specialty harvesting equipment. CNH 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.

CNH's net sales of agricultural equipment on a pro forma basis for the year ended December 31, 1999, were approximately \$6 billion and consisted of tractors 62%, combines/harvesters 20%, hay and forage equipment 12% and implements 6%. These pro forma net sales of agricultural equipment were generated from the following geographic areas: North America 38%, Western Europe 42%, Latin America 6%, and Rest of World 14%.

CNH sells agricultural equipment products primarily under the following brand names: New Holland, Case, Case IH, DMI, AFS, Flexi-Coil and Steyr.

Construction Equipment

CNH is the third largest manufacturer of construction equipment. CNH manufactures and distributes a full line of construction equipment and has leading positions in excavators, crawler dozers, graders, wheel loaders, loader/backhoes, skid steer loaders and trenchers.

CNH's net sales of construction equipment on a pro forma basis for the year ended December 31, 1999, were approximately \$4 billion and consisted of loader/backhoes 33%, excavators 27%, skid steer loaders 15%, wheel loaders 10%, crawler dozers 4%, trenchers and other construction equipment 11%. These pro forma net sales of construction equipment were generated from the following geographic areas: North America 48%, Western Europe 42%, Latin America 5%, and Rest of World 5%.

CNH sells construction equipment products under the following brand names: New Holland, New Holland Construction, Case, Fermecc, Link-Belt (earthmoving equipment), O&K, FiatAllis and Fiat-Hitachi.

Financial Services

CNH provides broad-based financial services for the global marketplace through various wholly owned subsidiaries and joint ventures in the United States, Canada, Argentina, Australia, Brazil and Europe. 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. CNH also facilitates and finances the sale of insurance products and other financing programs to retail customers. In addition, CNH provides wholesale financing to CNH dealers and rental equipment yards. CNH also provides financing options to dealers and non-captive

third parties to finance inventory, working capital, real estate acquisitions, construction and remodeling, business acquisitions, dealer systems and service and maintenance equipment.

Restructuring

CNH management is assessing and formulating a plan to integrate the operations of the Case and New Holland businesses. CNH is evaluating the divestiture or closure of approximately 20% of its manufacturing locations, as well as the closure of approximately one-third of its 45 parts depots. Through the consolidation of all functional areas, CNH expects to reduce its worldwide workforce by approximately 20% by 2002. As of December 31, 1999, CNH has recorded \$90 million in purchase accounting reserves as part of its integration plan with respect to Case. As management completes and commits to the activities of the plan, CNH anticipates that it will record additional adjustments to goodwill for identified actions relative to the Case business. CNH has also announced that it will incur restructuring charges, beginning in 2000, to exit certain other activities and to further restructure CNH operations related to the New Holland business.

In 1999 and 1998, CNH recorded pre-tax restructuring charges of \$19 million and \$40 million, respectively, primarily for actions related to New Holland employee terminations.

Divestitures

In conjunction with the merger, CNH has announced that it will divest or close approximately 20% of its manufacturing locations, as well as close approximately one-third of its 45 parts depots worldwide. In approving the merger, the European and U.S. regulatory authorities identified a number of competitive concerns related to the combined operations of Case and New Holland in specified product lines and markets. To address these competitive concerns, CNH committed to a number of actions, including divestiture of the following product lines and facilities:

- Case's CX and MXC product lines and the Doncaster, United Kingdom, plant in which they are assembled;
- New Holland's Laverda combine harvester product line (excluding hillside models) and the Breganze, Italy, facility in which they are made;
- Case's large square balers assembled in Neustadt, Germany;
- Case's Fermecc brand loader/backhoe and industrial tractor product lines and the Fermecc manufacturing plant in Manchester, United Kingdom;
- Case's ownership interest in Hay & Forage Industries in Hesston, Kansas, a 50% owned joint venture with AGCO Corporation that produces hay and forage implements; and
- New Holland's Versatile four-wheel drive and Genesis two-wheel drive tractor lines, along with the Winnipeg, Canada, plant in which they are manufactured.

In addition, to address specific market issues in Austria, the parties have agreed to license or build the Steyr model M-948 and M-958 (and equivalent Case IH models) for sale by a third party. In the opinion of management, the impact of these divestitures will not be material to CNH's overall results of operations.

Manufacturing

CNH manufactures equipment and components in 46 principal manufacturing facilities, including 14 facilities in the United States, six in Italy, five in France, four each in the United Kingdom, Germany and Brazil, two each in Canada and Belgium, and one each in Australia, Austria, India, Mexico and Poland. Similar manufacturing techniques are employed in the production of farm and construction equipment, resulting in certain economies and efficiencies. For a listing of CNH's principal manufacturing, engineering and administrative facilities see Item 2, "Description of Property."

In addition to the equipment manufactured by CNH and its joint ventures, CNH also purchases both agricultural and construction equipment from other sources. The terms of purchase from an original equipment manufacturer or OEM, allow CNH to market the equipment under its brands and generally require CNH to purchase agreed-upon volumes of products, although either party may terminate the relationship upon notice. Manufactured components are also purchased on an OEM basis. OEM purchases allow CNH to offer a broader line of products and range of models to its dealer network and global customer base. In 1999, the total value of OEM purchases comprised less than 5% of CNH's total purchases.

Joint Ventures and Alliances

CNH has entered into numerous joint ventures and alliances. The agreements governing some of New Holland's pre-merger joint ventures contain terms inconsistent with other agreements to which Case is a party. Likewise, the agreements governing some of Case's pre-merger joint ventures contain terms inconsistent with other agreements to which New Holland is a party. CNH is discussing these issues with its joint venture partners and may need to modify the terms of some of those joint venture agreements. However, the need for, and scope of, any possible modifications remains uncertain at this time.

Agricultural Equipment

- Turkey — CNH owns 37.5% of each of Türk Traktor Ve Ziraat Makineleri A.S., a leading Turkish manufacturer of agricultural equipment, and Trakmak Traktor Ve Ziraat Makineleri A.S., a leading Turkish distributor of agricultural equipment. Türk Traktor produces various tractor series under license from New Holland, and also supplies power trains to New Holland de México S.A. de C.V. and transmissions to CNH's facility in Jesi, Italy.
- Mexico — CNH and the Quimmco Group of Mexico each own 50% of New Holland de México, a manufacturer and distributor of tractors for sale in domestic and export markets, including the United States. New Holland de México is the market leader in Mexico in its product class.
- United States — CNH owns 50% of Hay and Forage, a joint venture with AGCO that manufactures hay and forage equipment at a plant in Hesston, Kansas. CNH has agreed to divest of its interest in Hay and Forage as a condition of obtaining U.S. Department of Justice approval pursuant to the merger.
- Canada — As of December 31, 1999, CNH owned 39% of Flexi-Coil Ltd., a manufacturer of air-seeding equipment. CNH acquired the remaining ownership interests in Flexi-Coil on January 4, 2000.
- Japan — CNH and H. Shibamoto each own 50% of New Holland HFT Japan Inc., a distributor of agricultural equipment in Japan. HFT is the leading importer of agricultural tractors in the highly competitive Japanese market and has a leading share of the Japanese markets for combine harvesters and self-propelled forage harvesters.
- Pakistan — CNH owns a 43.2% interest in Al-Ghazi Tractors Ltd., a tractor manufacturing joint venture.
- Uzbekistan — CNH owns a majority interest in several joint ventures in Uzbekistan. UzCaseMash LLC and UzCaseTractor LLC produce two-row cotton pickers and tractors, respectively, for sale in Uzbekistan and neighboring countries. A third joint venture, UzCaseService LLC, provides services for Case-branded agricultural and construction equipment. CNH owns a 60% interest in UzCaseMash and a 51% interest in both UzCaseTractor and UzCaseService.
- China — CNH owns 70% of Harbin New Holland Beidahuang Tractors, Ltd., a joint venture with Heilongjiang Beidahuang State Farm Group for the manufacture of 100-180 horsepower tractors.

Construction Equipment

- India — CNH owns 50% of L&T-Case Equipment Limited, a joint venture with Larsen & Toubro for the manufacture and sale of loader/backhoes and vibratory compactors.
- Italy — CNH owns 57% of Fiat-Hitachi Excavators S.p.A., a joint venture that manufactures heavy construction equipment.
- United States — CNH has a 50% global alliance with Sumitomo (S.H.I.) Construction Machinery Co., Ltd. to market and manufacture hydraulic crawler excavators.

Engine Joint Ventures and Alliances

In 1996, CNH, Iveco N.V. and Cummins Engine Company formed the European Engine Alliance, a joint venture equally owned by its partners. The European Engine Alliance is developing a new generation of one-liter-per-cylinder diesel engines based on Cummins' latest (diesel) engine technology. Cummins has granted the alliance exclusive rights for this project in the European market in return for a one-time licensing fee of \$33 million, and annual royalty payments made by CNH and Iveco to Cummins on a per cylinder basis. This new generation of engines will be designed to meet the European Union's stringent emissions standards that are scheduled to take effect for trucks in 2001 and for other vehicles between 2002 and 2004. The European Engine Alliance will commence production of components in 2000, and each of the partners anticipates assembling final engines in their respective engine assembly facilities. CNH expects that the first engines developed by the European Engine Alliance will replace the medium-horsepower engines that CNH currently manufactures at its Basildon, U.K., facility. Intellectual property rights with respect to future generations of engines developed by the European Engine Alliance, including the already-planned second generation, will be owned jointly by the three partners.

In North America, CNH owns a 50% interest in a joint venture with Cummins that manufactures a line of diesel engines in Rocky Mount, North Carolina. This joint venture, Consolidated Diesel Company, provides CNH with a source of low cost diesel engines that CNH has incorporated into many of its product lines.

Financial Services

- Europe – CNH and UFB LOCABAIL SA, a subsidiary of Compagnie Bancaire, each own 50% of Case Credit Europe S.A.S., a joint venture that provides financing for certain of CNH's European dealers and retail customers. CNH also has a 49% interest in New Holland Finance Ltd., a joint venture with the Barclays Bank plc group in the United Kingdom that offers retail financing to CNH customers in the United Kingdom, Germany, France and Italy.
- Uzbekistan – CNH owns a 51% interest in UzCaseagroleasing, a joint venture that provides financing for the retail acquisition of new and used Case agricultural equipment in Uzbekistan.

Suppliers

In 1999, CNH purchased, on a pro forma basis after giving effect to the merger, approximately \$5 billion of material from outside suppliers, including approximately \$4 billion in materials used to produce products and \$1 billion in after-market parts and components support.

CNH also obtains certain engines and other components, as well as services such as cash management, legal, consulting and other administrative services from various companies affiliated with Fiat or the Fiat Group, either pursuant to a renewable contract or on a purchase order basis. In 1999, CNH purchased approximately \$196 million in goods and approximately \$99 million in services from companies in the Fiat Group, including \$111 million for engines purchased from Iveco.

CNH is currently rationalizing its supply chain to reduce substantially the number of its suppliers. In implementing this program, CNH plans to build mutually beneficial partnerships with long-term suppliers based on increased volumes and shared product development activities. CNH believes that a reduction in the

number of suppliers will result in more cost-effective arrangements, reduce investment requirements, provide greater access to technological developments and result in lower per-unit costs. By rationalizing its supplier base, however, CNH is increasing its dependence on its remaining suppliers, although in most instances, the products CNH purchases from its suppliers are available from other sources.

Distribution and Sales

CNH sells and distributes its products through an extensive network of more than 10,000 dealers and distributors in more than 160 markets worldwide. Dealers typically sell either farm equipment or construction equipment, although some dealers sell both types of equipment. CNH plans to continue to distribute New Holland and Case products and services through their pre-merger global dealer networks.

In most established markets, the distribution of CNH products is accomplished through the dealer network. In other parts of the world, CNH products are sold initially to distributors and then to dealers (or initially to dealers and then to sub-dealers), leveraging distributor expertise and minimizing CNH's marketing costs. Distributors generally have responsibility for marketing goods in very large geographic regions, including entire countries.

Pricing and Promotion

The actual retail price of any particular piece of equipment is determined by the individual dealer and generally depends on market conditions, features and options. Actual retail sales prices may be lower than the suggested list prices. CNH sells equipment to its dealers at wholesale prices, which reflect a discount from the suggested list price. In the ordinary course of its business, CNH engages in promotional campaigns that may include price incentives or preferential credit terms on the purchase of certain products.

CNH regularly advertises its products to the community of farmers, contractors, builders and agricultural and construction contractors, as well as to distributors and dealers in each of its major markets. To reach its target audience, CNH uses a combination of general media, specialized design and trade magazines and direct mail. CNH also regularly participates in major international and national trade shows and engages in co-operative advertising programs with major distributors.

Research, Development and Engineering

CNH's research, development and engineering personnel design, engineer, manufacture and test new products, components and systems. CNH incurred \$196 million, \$152 million and \$129 million of research, development and engineering costs in the years ended December 31, 1999, 1998 and 1997, respectively. After giving effect to the merger, 1999 and 1998 CNH pro forma research, development and engineering costs would have been \$357 million and \$376 million, respectively.

CNH also benefits from the research, development and engineering expenditures of its joint ventures, which are not included in CNH's research, development and engineering expenditure figures, and from the continuing engineering efforts of its suppliers. With the merger of Case and New Holland, CNH management expects the combined level of expenditures for research and development, on a comparable basis, will decline, benefiting from synergies from the combined company and elimination of duplicative expenditures.

Patents and Trademarks

CNH continues to operate the New Holland and Case businesses under their respective corporate names, trademarks and trade names.

New Holland — CNH sells its New Holland brand products under heritage brand names such as Ford, Braud, FiatAllis, O&K Orenstein & Koppel Aktiengesellschaft and FiatAgri, and is promoting the New Holland name and logo as the primary brand name for its agricultural equipment. Under the terms of an agreement dating to 1991, New Holland retains the right to use the Ford brand name (in block letters) on

agricultural equipment through May 6, 2001. CNH also has a one-year, renewable, royalty-bearing license from Fiat to use the FiatAgri trademark.

Case — Case manufactures and distributes equipment primarily under the brand names Case, IH, Case IH, Steyr, Austoft, Concord, Tyler, DMI, Fermecc and Case Poclairn.

Other than the New Holland, Case, IH and Case IH trademarks, CNH does not believe that its business is materially dependent on any single patent or trademark or group of patents or trademarks.

CNH, through New Holland and Case, has a significant tradition of technological innovation in the agricultural and construction equipment industries. CNH holds over 2,450 patents, with 1,060 additional applications pending. CNH believes that it is among the market leaders for patented innovations in the product classes in which it operates.

Insurance

CNH maintains insurance with third-party insurers and with affiliates of Fiat to cover various risks resulting from its business activities including, but not limited to, risk of loss or damage to its facilities, business interruption losses, general liability, product liability, automobile liability and directors and officers liability insurance. Management believes that CNH's present level of insurance coverage is adequate to cover any such potential losses arising out of these and other insurable risks.

Employees

At December 31, 1999, CNH had approximately 36,000 employees. CNH management is assessing and formulating a plan to integrate the operations of the Case and New Holland businesses. Through consolidation of all functional areas, CNH expects to reduce its worldwide workforce by approximately 20% by 2002. As of December 31, 1999, CNH recorded \$90 million in restructuring reserves as part of its integration plan to consolidate operations and reduce worldwide headcount.

Many of CNH's worldwide production and maintenance employees are represented by unions. CNH's collective bargaining agreement with the United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW"). CNH's contract with the UAW, which represents approximately 2,200 of CNH's hourly production and maintenance employees in the United States, expires May 2, 2004. Labor agreements covering employees in certain European countries generally expire annually. CNH can offer no assurance that future contracts with the UAW or any of CNH's other union contracts or labor agreements will be renegotiated upon terms acceptable to CNH.

CNH's employees in Europe are also protected by various worker co-determination and similar laws that afford employees, through local and central works councils, certain rights of 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, CNH has experienced various work slow-downs, stoppages and other labor disruptions.

Environmental Matters

CNH's operations and products are subject to extensive environmental laws and regulations in each of the countries in which it operates. CNH is a voluntary participant in several government-sponsored initiatives that benefit the environment. CNH has an ongoing Pollution Prevention Program to reduce industrial waste, air emissions and water usage by incorporating adjustments in business activity, recycling efforts and hazard assessments of raw materials. CNH has a program designed to implement environmental management practices and compliance, to promote continuing environmental improvements and to identify and evaluate environmental risks at manufacturing and other facilities worldwide.

CNH engines and equipment are subject to extensive statutory and regulatory requirements that impose standards with respect to air emissions. Further emissions 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. CNH expects to make significant capital and research expenditures to comply with these standards now and in the future. CNH anticipates that these costs are likely to increase as emissions limits become more stringent, however, at this time, CNH is not able to quantify the dollar amount of such expenditures. Failure to comply could result in adverse effects on future financial results.

CNH will incur capital expenditures in connection with matters relating to environmental control and will also be required to spend additional amounts in connection with ongoing compliance with current and future laws and regulations. In particular, the Clean Air Act Amendments of 1990 and European Commission Directives will affect directly the operations of all of CNH's manufacturing facilities in the United States and Europe. The manufacturing processes that will be affected include painting, coating and foundry operations. Although capital expenditures for environmental control equipment and compliance costs in future years will depend on legislative, regulatory and technological developments that cannot accurately be predicted at this time, CNH anticipates that these costs are likely to increase as environmental requirements become more stringent. CNH believes that these capital costs, exclusive of product-related costs, will not have a material adverse effect on CNH's financial position or results of operations.

Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, and other federal and state laws that impose similar liabilities, Case, a wholly owned subsidiary of CNH, has received inquiries for information or notices of its potential liability regarding 38 non-owned sites to which Case allegedly sent hazardous substances for disposal ("Waste Sites"). Sixteen of the Waste Sites are on the National Priority List promulgated pursuant to CERCLA. At 34 of the Waste Sites, the monetary amount or extent of Case's liability has been resolved, Case has not been named as a potentially responsible party ("PRP"), or Case's liability is likely *de minimis* in comparison with other PRPs. As of December 31, 1999, reserves of approximately \$3 million had been established to address the potential liability at the 38 Waste Sites, of which approximately \$1 million specifically relates to the aforementioned 34 Waste Sites. 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, Case's potential liability for remediation costs associated with the 38 Waste Sites could change. Moreover, because liability under CERCLA and similar laws can be joint and several, Case could be required to pay amounts in excess of its pro rata share of remediation costs. However, when appropriate, CNH's understanding of the financial strength of other PRPs has been considered in the determination of Case's potential liability. Under the indemnification provisions of the 1991 merger with Ford Motor Company, Ford has retained financial responsibility for Waste Sites associated with its former operations that are now owned by New Holland, CNH's predecessor. CNH believes that the costs associated with the Waste Sites will not have a material adverse effect on CNH's financial position or results of operations.

CNH has conducted environmental investigatory or remedial activities at certain properties that are currently or were formerly owned and/or operated or which are being decommissioned. CNH believes that the outcome of these activities will not have a material adverse effect on CNH's financial position or results of operations. The preceding sentence is a forward-looking statement, and the actual costs could differ materially from those costs currently anticipated due to the nature of the historical disposal and release activities typical of manufacturing and related operations that have occurred in the United States and other countries, and as a result of laws which now and in the future may impose liability for previously lawful disposal and release activities. As it has in the past, CNH intends to fund its costs of environmental compliance from operating cash flows.

Seasonality and Production Schedules

Seasonal demand for agricultural equipment varies by region and product, primarily due to differing climates and farming calendars. Seasonal demand fluctuations for construction equipment are somewhat less significant than for farm equipment. Sales to independent dealers closely correspond with production levels,

which are based upon CNH's estimates of demand. Also see Item 9, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Competition

The agricultural equipment industry is highly competitive, particularly in North America, Europe and Latin America. CNH competes primarily with large global full-line suppliers, including Deere & Company and AGCO; manufacturers focused on particular industry segments, including Caterpillar Inc., Kubota Corporation and various implement manufacturers; regional manufacturers in mature markets, including Class KGa and SAME Duetz-Fahr Group, 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.

The construction equipment industry is highly competitive, particularly in Western Europe, North America, South America and the Asia Pacific region. CNH competes primarily with two large full-line suppliers, Caterpillar and Komatsu Construction Equipment, that together account for approximately 40% of the world industry; product specialists operating on a global basis, including Kobelco Construction Equipment, Ingersoll-Rand Company and Hitachi, Ltd.; and local and multi-regional manufacturers such as Volvo Construction Equipment Corporation, Deere and J.C. Bamford Excavators Ltd., or JCB.

CNH believes that the combination of New Holland and Case agricultural and construction equipment will allow it to compete strongly against Deere, Caterpillar and others in the agricultural equipment market and against Caterpillar, Komatsu, Volvo and others in the construction equipment market.

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

The financial services industry is highly competitive. CNH competes primarily with banks, finance companies and other financial institutions. Typically, this competition is based upon customer service and finance rates charged.

Service and Warranty

CNH products are warranted to the end-user to ensure end-user confidence in design, workmanship and material quality. Warranty lengths vary depending on competitive standards established within individual markets. In general, warranties tend to be for one to three years, with some as short as six months, and cover all parts and labor for non-maintenance repairs and wear items, provided operator abuse, improper use or negligence did not necessitate the repair. Authorized CNH dealers and distributors must perform warranty work. Warranty on some products is limited by hours of use, and purchased warranty is available on most products. Dealers submit claims for warranty reimbursement to CNH and are credited for the cost of repairs if the repairs meet CNH's prescribed standards. Warranty expense is accrued at the time of sale, and purchased warranty revenue is deferred and amortized over the life of the warranty contract.

CNH distributors and dealers provide service support outside of the warranty period. Service personnel are trained in one of several CNH training facilities around the world or on location at the dealership by CNH service engineers or service training specialists.

Item 2. Description of Property.

The following table provides information about each of CNH's principal manufacturing, engineering and administrative facilities:

<u>Location</u>	<u>Primary Functions</u>	<u>Approximate Covered Area *</u>	<u>Ownership Status</u>
United States			
Belleville, PA	Skid Steer Loaders; Manure Spreaders	540	Owned
Benson, MN	Agricultural Sprayers	219	Owned
Burlington, IA	Loader/Backhoes; Crawler/Dozers; Fork Lift Trucks	989	Owned
Nevada, IA	Marketing and Training Center	76	Owned
Burr Ridge, IL	Technology (Engineering) Center	549	Owned
Dublin, GA	Compact Tractors	60	Leased
East Moline, IL	Combine Harvesters; Cotton Pickers; Grain Heads	2,375	Owned
Lincolnshire, IL	Administrative Facilities	13	Leased
Fargo, ND	Tractors, Wheel Loaders	531	Owned
Fargo, ND	Planters/Seeders	146	Leased
Goodfield, IL	Soil Management (Tillage)	233	Owned
Grand Island, NE	Combine Harvesters; Hay & Forage	680	Owned
New Holland, PA	Administrative Facilities; Hay & Forage; Engineering Center	1,190	Owned
Racine, WI	Tractors; Transmissions; Foundry	2,834	Owned
Racine, WI	Principal Administrative Facilities	400	Owned/Leased
Wichita, KS	Skid Steer Loaders; Directional Drills; Trenchers	455	Owned
Italy			
Breganze(1)	Combine Harvesters; Hay & Forage; Engineering Center	660	Owned
Imola	Loader/Backhoes; Engineering Center	384	Owned
Jesi	Tractors	710	Owned
Lecce	Construction Equipment; Engineering Center	1,550	Owned
Modena	Components; Engineering Center	1,150	Owned
San Matteo	Research and Development	540	Owned
San Mauro	Construction Equipment; Engineering Center	590	Owned
France			
Coex	Grape Harvesters; Engineering Center	280	Owned
Crepy-En-Valois	Excavators; Loader/Backhoes	676	Owned
Croix	Cabs	466	Owned
St. Dizier	Transmissions	234	Owned
Tracy-Le-Mont	Hydraulic Cylinders	204	Owned
Villepinte	Administrative Facilities	55	Leased
United Kingdom			
Brentford	Administrative Facilities	50	Leased
Basildon	Tractors; Components; Engineering Center	1,390	Owned
Doncaster(1)/Carr Hill ...	Tractors; Gears; Shafts	1,074	Owned
Lincoln	Agricultural Sprayers	24	Owned
Manchester(1)	Skid Steer Loaders; Excavators	529	Owned

<u>Location</u>	<u>Primary Functions</u>	<u>Approximate Covered Area *</u>	<u>Ownership Status</u>
Germany			
Berlin	Construction Equipment	1,113	Leased
Dortmund	Administrative Facilities; Test and Parts Centers	348	Leased
Hattingen	Components	535	Owned
Heidelberg	Administrative and Warehouse Facilities	162	Owned
Kissing	Cylinders	142	Leased
Neustadt	Forage and Combine Harvesters; Square Balers	515	Owned
Brazil			
Curitiba	Tractors; Combine Harvesters; Engineering Center	760	Owned
Belo Horizonte	Construction Equipment; Engineering Center	510	Owned
Piracicaba	Sugar Cane Harvesters	108	Owned
Sorocaba	Wheel Loaders; Loader/Backhoes; Excavators	525	Owned
Canada			
Saskatoon	Air-Seeding Equipment	750	Owned
Winnipeg(1)	Tractors; Engineering Center	750	Owned
Belgium			
Antwerp	Components	850	Leased
Zedelgem	Combine Harvesters; Hay & Forage; Tractor Loaders; Engineering Center	1,590	Owned
Mexico			
Leon	Tractor Assembly	24	Owned
Mexico City	Administrative Facilities	9	Owned
Others			
Buenos Aires, Argentina ...	Administrative Facilities	10	Leased
Bundaberg, Australia	Sugar Cane Harvesters	206	Owned
St. Valentin, Austria	Tractors	398	Leased
New Delhi, India	Tractors; Engineering Center	360	Owned
Plock, Poland	Combine Harvesters	1,020	Owned

* in thousands of square feet

(1) Facilities to be divested pursuant to the merger to comply with European and U.S. regulatory authorities.

In addition, CNH owns or leases a number of other non-manufacturing facilities, including office facilities, parts depots and dealerships, worldwide. For information on operating lease commitments, see Note 17 to the CNH Financial Statements included in Item 18 of this report.

As a result of the merger, management believes it has excess capacity in certain of its product lines when compared with current market demand. CNH management is assessing and formulating a plan to integrate the operations of the Case and New Holland businesses and to address overall combined manufacturing capacity. This preliminary plan includes the divestiture or closure of approximately 20 percent of CNH's manufacturing locations. In 1999, as a result of the continued industry-wide downturn in the agricultural equipment market, CNH produced below forecasted demand in order to maintain inventories at appropriate levels, resulting in temporary excess capacity in some of its agricultural equipment manufacturing facilities until market conditions improve. CNH believes that it has sufficient capacity to meet its current construction equipment market demand.

CNH considers each of its facilities currently in use to be in good operating condition and adequate for its present use. CNH also owns other facilities that are currently idle and available for sale.

Item 3. Legal Proceedings.

For information pertaining to legal proceedings, see Note 17 to the CNH Financial Statements included in Item 18 of this report, which is incorporated by reference herein.

Item 4. Control of Registrant.

CNH's capital stock consists of common shares, par value Euro 0.45. As of February 29, 2000, there were 149,660,000 common shares outstanding.

CNH is controlled by its largest single shareholder, New Holland Holdings, a wholly owned subsidiary of Fiat. As of February 29, 2000, New Holland Holdings owned 106,411,400 common shares, representing approximately 71.1% of CNH's outstanding common shares as of such date. As a result, Fiat controls all matters submitted to a vote of CNH's shareholders, including approval of annual dividends, election and removal of its directors and approval of extraordinary business combinations. As of February 29, 2000, the directors and executive officers of CNH as a group owned 686,646 common shares.

Prior to the merger, New Holland relied on Fiat to provide guarantees of its external debt financing requirements and to maintain supportive financial arrangements. CNH continues to rely on Fiat to provide similar guarantees in connection with some of its external financing needs, including the short-term credit facilities that CNH used to finance the merger. Fiat has stated that it intends to continue the guarantee for as long as it maintains control of CNH and, in any event, at least until December 31, 2003. After that time, Fiat has committed that it will not terminate CNH's access to these financing arrangements without affording CNH an opportunity to develop suitable substitutes. The terms of any alternative sources of financing may not be as favorable as those provided or facilitated by Fiat.

CNH purchases some of its engines and other components from the Fiat Group, and companies of the Fiat Group provide CNH administrative services such as accounting, cash management and legal services. In addition, CNH may from time to time enter into hedging arrangements with counterparties that are members of the Fiat Group. If these goods or services or financing arrangements were not available from Fiat, CNH would have to obtain them from other sources. CNH can offer no assurance that such alternative sources would provide goods and services on terms as favorable as those offered by Fiat.

Also see Item 13, "Interest of Management in Certain Transactions," and Note 21 to the CNH Financial Statements included in Item 18 of this report.

Item 5. Nature of Trading Market.

The outstanding common shares of CNH are listed on the New York Stock Exchange under the symbol “CNH.” Prior to the merger, the common shares were listed on the New York Stock Exchange under the symbol “NH.”

The following table sets forth the high and low closing prices per share of CNH common shares on the New York Stock Exchange Composite Transactions Tape during the periods indicated:

	Closing Prices	
	High	Low
1999		
1st quarter	\$13.75	\$ 8.75
2nd quarter	18.00	10.31
3rd quarter	17.19	13.94
4th quarter	15.69	11.38
1998		
1st quarter	\$28.31	\$23.50
2nd quarter	27.31	19.19
3rd quarter	20.19	9.75
4th quarter	14.50	10.81

At the end of trading on February 29, 2000, CNH’s common share closing price was \$11.06 and 149,660,000 common shares were outstanding. Accordingly, at such date, CNH’s total market capitalization, including those shares held by the Fiat Group, was approximately \$1,655 million.

As of February 29, 2000, 43,038,053 of the common shares were held of record in the United States by 985 holders and represented, in the aggregate, approximately 29% of the number of common shares outstanding. Since certain of the common shares are held by brokers or other nominees, the number of direct record holders in the United States may not be fully indicative of the number of direct beneficial owners in the United States or of where the direct beneficial owners of such shares are resident.

Item 6. Exchange Controls and Other Limitations Affecting Security Holders.

No exchange consent is required in The Netherlands for 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.

Item 7. Taxation.

United States Taxation

The following discussion contains a description of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of CNH’s common shares or shares, by a holder that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income tax on a net income basis in respect of the shares. The discussion is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change, including changes made on a retroactive basis. It is not a full description of all tax considerations that may be relevant to ownership of shares or a decision to purchase shares. In particular, the discussion is directed only to U.S. holders that will hold shares as capital assets and whose functional currency is the U.S. dollar. The discussion does not address the tax treatment of holders that are subject to special tax rules such as banks, 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 or conversion transaction, insurance companies, tax-exempt entities and holders of ten percent or more of the voting shares of CNH.

Prospective purchasers and current holders of shares are advised to consult their own tax advisors about the U.S., Netherlands, or other tax consequences to them of the purchase, beneficial ownership and disposition of shares including, in particular, the effect of any state, local or national tax laws.

Taxation of Dividends

The gross amount of cash dividends paid in respect of the shares (including amounts withheld in respect of Dutch taxes) generally will be included in the gross income of a U.S. holder as ordinary income on the day on which the dividends are actually or constructively received by the U.S. holder, and will not be eligible for the dividends-received deduction allowed to corporations.

Subject to generally applicable limitations and the discussion below, any Dutch withholding tax imposed on dividends 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). Dividends generally will constitute foreign-source "passive income" or, in the case of certain holders, "financial services income," for U.S. foreign tax credit purposes. Under rules enacted by Congress in 1997 and other guidance issued by the U.S. Treasury, foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities or in respect of arrangements in which a U.S. holder's expected economic profit, after non-U.S. taxes, is insubstantial. U.S. holders should consult their own tax advisors concerning the implications of these rules in light of their particular circumstances.

CNH generally will fund dividend distributions on the shares with dividends received from its non-Dutch subsidiaries. Assuming that certain conditions are met, CNH would be entitled to a reduction in the amount payable to the Dutch tax authorities in respect of withholding taxes equal to 3% of the lesser of gross dividends it receives from its non-Dutch subsidiaries or dividends, net of withholding tax, it pays to its shareholders. There is a risk that such a credit constitutes a partial subsidy in respect of, or reduction of, the Dutch withholding tax payable on CNH's dividends and that, therefore, a U.S. holder would not be entitled to a foreign tax credit with respect to the amount of the credit so allowed to CNH.

Taxation of Capital Gains

Gain or loss realized by a U.S. holder on the sale or other disposition of shares will be subject to U.S. federal income taxation as capital gain or loss. Such gain or loss will be a long-term capital gain or loss if the shares were held for more than one year. Long-term capital gain realized by a U.S. holder that is an individual generally is subject to a maximum rate of 20%, although a lesser rate may be applicable based upon the tax stature of the holder and the length of the holding period of the shares. Gain realized by a U.S. holder on a sale or other disposition of shares generally will be treated as U.S.-source income for U.S. foreign tax credit purposes.

Backup Withholding Tax

Distributions made on shares and proceeds from the sale of shares to or through certain brokers may be subject to a "backup" withholding tax unless, in general, the U.S. holder complies with certain procedures or is a corporation or other person exempt from such withholding. Any amounts withheld from distributions on the shares would be refunded by the Internal Revenue Service or allowed as a credit against the federal income tax of the U.S. shareholders.

Netherlands Taxation

The following summary of Dutch tax considerations is limited to the tax implications for an owner of shares who owns less than 10% of the voting power of CNH.

Withholding Tax

Dividends distributed by CNH generally are subject to a withholding tax imposed by The Netherlands at a rate of 25%. The expression "dividends distributed by CNH" as used herein includes, but is not limited to:

- (1) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognized for Netherlands dividend withholding tax purposes;

- (2) liquidation proceeds, proceeds of redemption of shares or, as a rule, consideration for the repurchase of shares by CNH in excess of the average paid-in capital recognized for Netherlands dividend withholding tax purposes;
- (3) the par value of shares issued to a holder of shares or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Netherlands dividend withholding tax purposes, has been made or will be made; and
- (4) partial repayment of paid-in capital, recognized for Netherlands dividends withholding tax purposes, if and to the extent that there are net profits (“*zuivere winst*”), unless the general meeting of shareholders of CNH has resolved in advance to make such repayment and provided that the par value of the shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association.

If a holder of shares is a resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such country, such holder of shares may, depending on the terms of such double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

Under the treaty in effect between The Netherlands and the United States (the “U.S./NL Income Tax Treaty”), dividends paid by CNH to a resident of the United States (other than an exempt organization or exempt pension organization) are generally eligible for a reduction of the 25% Netherlands withholding tax to 15%, unless the shares held by such resident are attributable to an enterprise or part of an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands. The U.S./NL Income Tax Treaty provides for a complete exemption for dividends received by exempt pension organizations and exempt organizations, as defined therein. Except in the case of exempt organizations, the reduced dividend withholding rate can be applied at source upon payment of the dividends, provided that the proper forms have been filed in advance of the payment. A holder of shares other than an individual will not be eligible for the benefits of the U.S./NL Income Tax Treaty if such holder of shares does not satisfy one or more of the tests set forth in the limitations on benefits provisions of Article 26 of such Treaty.

A holder of shares (other than an exempt organization) generally may claim the benefits of a reduced withholding tax rate or an exemption from withholding tax pursuant to the U.S./NL Income Tax Treaty by submitting a duly signed Form IB 92 USA, which form includes a banker’s affidavit stating that the shares are in the bank’s custody in the name of the applicant, or that the shares have been exhibited to the bank as being the property of the applicant. If the Form IB 92 USA is submitted prior to the dividend payment date, CNH can apply the reduced withholding tax rate to the dividend payment. A shareholder unable to claim withholding tax relief in this manner can obtain a refund of excess tax withheld by filing a Form IB 92 USA and describing the circumstances that prevented claiming withholding tax relief at the source.

Qualifying U.S. exempt organizations must seek a full refund of the tax withheld by using the Form IB 95 USA, which form also includes a banker’s affidavit.

Taxes on Income and Capital Gains

A holder of shares will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by CNH or in respect of any gain realized on the disposal of shares (other than the withholding tax described above), provided that:

- (1) such holder is neither resident nor deemed to be resident in The Netherlands;
- (2) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the shares are attributable; and

- (3) such holder does not have a substantial interest or a deemed substantial interest in CNH or, if such holder does have such an interest, it forms part of the assets of an enterprise.

Generally, a holder of shares will not have a substantial interest if he, his spouse, certain other relatives (including foster children) or certain persons sharing his household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of CNH, or rights to acquire shares, whether or not already issued, that represent at any time (and from time to time) 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of CNH or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit of CNH and/or to 5% or more of the liquidation proceeds of CNH. A deemed substantial interest is present if (part of) a substantial interest has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Net Wealth Tax

A holder of shares will not be subject to Netherlands net wealth tax in respect of the shares, provided that such holder is not an individual or, if he is an individual, provided that the conditions mentioned under paragraphs (1) and (2) of the section "Taxes on Income and Capital Gains" above are met.

Gift, Estate and Inheritance Taxes

No gift, estate or inheritance taxes will arise in The Netherlands with respect to an acquisition of shares by way of a gift by, or on the death of, a holder of shares who is neither resident nor deemed to be resident in The Netherlands unless:

- (1) such holder at the time of the gift has, or at the time of his death had, an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the shares are or were attributable; or
- (2) in the case of a gift of shares by an individual who at the time of the gift was neither resident nor deemed to be resident in The Netherlands, 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 Netherlands gift, estate and inheritance tax, an individual who holds The Netherlands nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual not holding The Netherlands nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the twelve months preceding the date of the gift.

Capital Tax Payable by CNH

Netherlands capital tax will be payable by CNH at the rate of 0.9% of any contribution made in respect of the shares.

Other Taxes and Duties

No Netherlands registration tax, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in The Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the shares.

Item 8. Selected Financial Data.

The financial data set forth below at December 31, 1999 and 1998, and for each of the years in the three-year period ended December 31, 1999, have been derived from the audited consolidated financial statements of CNH included in Item 18 of this report. Financial data at December 31, 1997, 1996 and 1995, and for each of the years in the two-year period ended December 31, 1996, have been derived from CNH's published financial statements not included herein.

The financial data at December 31, 1999 and 1998, and for each of the years in the three-year period ended December 31, 1999, should be read in conjunction with Item 9, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and are qualified in their entirety by reference to the audited consolidated financial statements and notes thereto included in Item 18 of this report. CNH has presented the selected historical financial data as of and for each of the five years ended December 31, 1999, in accordance with U.S. GAAP, and certain reclassifications have been made to conform the historical financial statements to the 1999 presentation.

CNH acquired Case on November 12, 1999. The accompanying selected financial data reflects the historical operating results of CNH, including the results of operations of Case since November 12, 1999. On December 22, 1998, CNH acquired 75.0001% of O&K Orenstein & Koppel Aktiengesellschaft ("O&K"), and the accompanying selected financial data reflects the results of operations and the net assets of O&K since January 1, 1999, and December 22, 1998, respectively. In January 1997, CNH completed the acquisition of the remaining 51% ownership interests in two North American credit companies. These acquisitions affect the comparability of the respective prior-year data. For information on the pro forma impact of the 1999 acquisition of Case, see Note 3 to the CNH Financial Statements included in Item 18 of this report.

For the Years Ended December 31,				
1999	1998	1997	1996	1995

(in millions of U.S. dollars, except per share data)

Income Statement Data:

Revenues:					
Net sales	\$ 5,949	\$5,474	\$5,798	\$5,474	\$5,003
Interest income and other	324	223	193	58	38
Total revenues	<u>\$ 6,273</u>	<u>\$5,697</u>	<u>\$5,991</u>	<u>\$5,532</u>	<u>\$5,041</u>
Net income	<u>\$ 148</u>	<u>\$ 258</u>	<u>\$ 388</u>	<u>\$ 250</u>	<u>\$ 221</u>
Earnings per Share:					
Basic	\$ 0.99	\$ 1.73	\$ 2.60	\$ 1.68	\$ 1.48
Diluted	\$ 0.97	\$ 1.73	\$ 2.60	\$ 1.68	\$ 1.48
Cash dividends declared per common share	\$ 0.55	\$ 0.55	\$ 0.55	\$ —	\$ 0.84

Balance Sheet Data (at the end of year):

Total assets	\$17,678	\$7,296	\$6,330	\$5,111	\$4,558
Long-term debt, including current maturities	\$ 4,558	\$1,011	\$ 651	\$ 72	\$ 89
Shareholders' equity	\$ 1,710	\$1,784	\$1,621	\$1,374	\$1,077

Dividends

In each of the years ended December 31, 1999, 1998 and 1997, CNH distributed cash dividends of \$82 million, or \$0.55 per share. In 1995, CNH declared and paid a single, extraordinary cash dividend of \$125 million, or \$0.84 per share, with respect to the 1995 fiscal year. CNH did not declare a cash dividend for the year ended December 31, 1996.

The declaration and payment of dividends are at the discretion of the Board of Directors and must be ratified at the annual general meeting of CNH's shareholders. CNH's ability to pay cash dividends will depend upon many factors including CNH's competitive position, financial condition, earnings and capital requirements. As a holding company, CNH is dependent on dividends or other advances from its subsidiaries to fund future cash dividends. In addition, the ability of CNH and its principal operating subsidiaries to pay dividends is subject to statutory limitations applicable in their respective jurisdictions that primarily relate to the required allocation of a nominal percentage of earnings to the establishment and maintenance of statutory reserves. As a result, the ability of these subsidiaries to pay dividends may be limited. Accordingly, there is no requirement or assurance that dividends will be declared or paid.

Dividends from several of CNH's subsidiaries, including its U.S. subsidiaries, are subject to withholding taxes that will reduce the amount of such dividends available to CNH. Dividends payable by CNH are subject to Dutch withholding tax at the current rate of 25%. The withholding tax on dividends paid to shareholders that are not residents of The Netherlands may be reduced by virtue of an applicable income tax convention in effect between The Netherlands and the country of residence of the recipient of the dividends. See Item 7, "Taxation — Netherlands Taxation."

Item 9. Management's Discussion and Analysis of Financial Condition and Results of Operations.

CNH is a leader in the agricultural equipment, construction equipment and financial services industries. CNH is the largest manufacturer of agricultural equipment in the world, the third largest manufacturer of construction equipment and has one of the world's largest equipment finance companies.

CNH combines the operations of New Holland N.V. and Case, a leading worldwide designer, manufacturer, marketer and distributor of farm equipment and light- to medium-sized construction equipment, as a result of their business merger ("the merger") on November 12, 1999 ("the merger date"). Effective with the closing of the merger, New Holland N.V. changed its name to CNH Global N.V. Unless otherwise noted, the financial data disclosed in this Item 9 reflects the historical operating results of CNH, including the results of operations of Case since the merger date.

New Holland historically prepared its financial statements in accordance with International Accounting Standards or IAS. CNH has prepared its financial statements, including the financial data disclosed in this Item 9, in accordance with generally accepted accounting principles in the United States or U.S. GAAP, and certain reclassifications have been made to conform the historical financial statements to the CNH presentation. The impact of acquisitions, particularly the impact of the merger and the December 1998 acquisition of O&K Orenstein & Koppel Aktiengesellschaft, has affected the comparability of the respective prior-year data. For information on the pro forma impact of the 1999 acquisition of Case, see Note 3 to the CNH Financial Statements included in Item 18 of this report.

As used in this Item 9, CNH's agricultural and construction equipment businesses are collectively referred to as CNH's "Equipment Operations." CNH's financial services businesses are collectively referred to as "Financial Services." As used herein, "New Holland" or "Case" refers to (1) the pre-merger business and/or operating results of either New Holland or Case on a stand-alone basis, or (2) the CNH multi-branding strategy that supports the continued use of the New Holland and Case product brands. Unless otherwise indicated, all financial data set forth in this Item 9 is expressed in U.S. dollars.

Acquisitions and Investments

Case

New Holland acquired Case on November 12, 1999, for approximately \$4.6 billion in cash, including related costs and expenses. CNH accounted for this acquisition as a purchase and, accordingly, the purchase price was allocated to the assets and liabilities of Case based upon their respective estimated fair values, including identifiable intangibles, with the remainder allocated to goodwill. The allocation of purchase price resulted in goodwill of approximately \$2.4 billion. Goodwill allocated to Case's equipment operations of approximately \$2.3 billion is being amortized on a straight-line basis over 30 years, and goodwill of approximately \$129 million allocated to Case's financial services business is being amortized on a straight-line basis over 20 years.

Sales of Case agricultural and construction equipment products for the post-merger period (November 12, 1999 — December 31, 1999) were approximately \$620 million. In 1999, Case had full-year revenues of \$5.1 billion, including \$4.6 billion for sales of its farm and construction equipment and approximately \$500 million in revenues from its financial services operations.

O&K

On December 22, 1998, CNH acquired 75.0001% of the outstanding shares of O&K, a German manufacturer of hydraulic excavators and other construction equipment, for a purchase price of \$15 million. The acquisition of O&K has enabled CNH to increase its penetration in the global excavator market and to expand its participation in a number of regions around the world. In 1999, CNH entered into a domination agreement with O&K that permits CNH to fully integrate O&K into its operations and allows CNH to offer to purchase outstanding shares of O&K from minority shareholders. As of December 31, 1999, CNH owned approximately 90% of O&K.

CNH did not record the results of operations of O&K in its operating results until January 1, 1999, as the results of operations from the date of acquisition to December 31, 1998, were not significant. O&K recorded full-year revenues related to the construction equipment products acquired by CNH of approximately \$450 million (unaudited) in 1998.

Other

On December 23, 1998, CNH acquired all the voting shares of its agricultural equipment distributor in Argentina, Inchcape Argentina S.A., including its wholly owned subsidiary, Agrotecnia S.A., at a cost of approximately \$11 million. The acquisition has enabled CNH to achieve a higher level of integration across its Mercosur operations, including product design, manufacture, sales and service.

On September 30, 1998, CNH acquired an additional 4% of the voting shares of Flexi-Coil Ltd., a Canadian manufacturing company, at a cost of approximately \$6 million. On September 30, 1997, CNH acquired an initial 35% interest in Flexi-Coil for approximately \$55 million. These investments were accounted for as purchases, and the allocation of the combined purchase price resulted in goodwill of approximately \$57 million. In January 2000, CNH completed the acquisition of the remaining ownership interests in Flexi-Coil.

On July 29, 1998, CNH acquired 90.87% of the voting shares of Bizon Sp.zo.o., a Polish manufacturer of combine harvesters, for approximately \$33 million. This acquisition was accounted for as a purchase and, accordingly, the excess of the purchase price over the estimated fair market value of the net assets acquired resulted in goodwill of approximately \$18 million. This acquisition has enabled CNH to establish a foothold in the Polish combine harvester market and has enhanced CNH's expansion in many emerging markets. In March 1999, CNH completed the acquisition of the remaining ownership interests in Bizon.

On June 22nd and July 2nd of 1998, CNH acquired 37.3% and 0.9%, respectively, of the shares in Al-Ghazi Tractors Limited, a tractor manufacturing joint venture operation in Pakistan, at a total cost of approximately \$12 million. The investment was accounted for as a purchase, and the excess of the purchase price over the fair market value of the net assets acquired resulted in goodwill of approximately \$6 million.

On June 4, 1998, CNH increased its stake in Türk Traktor Ve Ziraat Makineleri A.S. ("Türk Traktor"), CNH's manufacturing joint venture with the Koc Group in Turkey, from 25.0% to 37.5%. CNH also acquired 37.5% of Trakmak Traktor Ve Ziraat Makineleri Ticaret A.S. ("Trakmak Traktor"), a leading Turkish distributor of agricultural equipment. The combined cost of these investments was approximately \$51 million. These acquisitions were accounted for using the purchase method of accounting and, accordingly, the excess of the purchase price over the estimated fair market value of the net assets acquired resulted in goodwill of approximately \$24 million.

In January 1997, CNH completed the acquisition of the remaining 51% ownership interests in the U.S. and Canadian credit companies that were previously owned by a former parent company of CNH. As a result of the acquisition, the U.S. and Canadian credit companies became wholly owned subsidiaries of CNH effective January 1, 1997. In addition to a cash payment of approximately \$50 million, CNH assumed approximately \$1.3 billion of funding that the former parent company had previously advanced to the credit companies. This acquisition was accounted for as a purchase, and the allocation of the purchase price resulted in goodwill of approximately \$30 million.

CNH reported incremental net sales of approximately \$1,070 million in 1999 related to its acquisition activities. The sales impact of CNH's acquisition activities in 1997 and 1998 was not material. Also see Note 3 to the CNH Financial Statements included in Item 18 of this report.

Summary of Revenues

CNH's revenues were derived from the following sources (in millions):

	For the Years Ended December 31,		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenues:			
Net sales			
Agricultural equipment	\$3,904	\$4,151	\$4,576
Construction equipment	<u>2,045</u>	<u>1,323</u>	<u>1,222</u>
Total net sales	5,949	5,474	5,798
Financial services	412	361	317
Eliminations and other	<u>(88)</u>	<u>(138)</u>	<u>(124)</u>
Total revenues	<u>\$6,273</u>	<u>\$5,697</u>	<u>\$5,991</u>

CNH's revenues are derived from the manufacture and distribution of a full line of farm and construction equipment and from the financing of a broad array of financial services products for its retail and wholesale customers. CNH's revenues are affected by worldwide agricultural production and demand, housing starts and other construction levels, commodity prices, government subsidies, weather, interest and exchange rates, industry capacity and equipment levels.

Net sales of CNH products were made into the following geographic regions (in millions):

	For the Years Ended December 31,		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net sales			
Western Europe	\$2,918	\$2,334	\$2,290
North America	2,076	2,107	2,278
Latin America	386	528	506
Rest of World	<u>569</u>	<u>505</u>	<u>724</u>
Total net sales	<u>\$5,949</u>	<u>\$5,474</u>	<u>\$5,798</u>

1999 Compared to 1998

Worldwide revenues were \$6,273 million in 1999 versus \$5,697 million in 1998. Net sales of farm and construction equipment were \$5,949 million in 1999, up 9% from \$5,474 million in 1998. The year-over-year improvement in net sales was attributable to a 20% increase from acquisitions, largely driven by the Case and O&K acquisitions, partially offset by a 7% decrease in base volumes and a 4% deterioration from the impact of foreign exchange. In 1999, sales of CNH agricultural equipment continued at depressed levels, primarily reflecting ongoing market weakness as a result of low global prices for agricultural commodities. Sales of CNH agricultural equipment in 1999 were down 6% from prior-year levels to \$3,904 million, largely due to low commodity prices and excess farm products inventory. The impact of the slowdown was most significant in North America, where demand for high-horsepower agricultural tractors was considerably lower than the previous year. Sales of CNH construction equipment were up 55% over 1998 levels to \$2,045 million, driven by the impact of the O&K and Case acquisitions.

Sales in Western Europe were \$2,918 million in 1999 versus \$2,334 million in 1998. This 25%, year-over-year increase primarily reflects higher sales of CNH construction equipment, largely due to the full-year impact of the O&K acquisition. Total sales of CNH agricultural equipment in Western Europe remained unchanged from prior-year levels, as lower year-over-year sales of New Holland brand tractors and combines were offset by incremental sales from the fourth quarter acquisition of Case. In North America, sales of CNH agricultural and construction equipment were \$2,076 million in 1999, down slightly from \$2,107 million in 1998. Incremental sales from the Case acquisition partially offset a significant decline in year-over-year sales of New Holland brand agricultural equipment as a result of the continued industry downturn. Sales of CNH construction equipment in North America were up approximately 56%, reflecting the impact of significant year-over-year increases in most New Holland brand product categories, as well as the impact of the Case acquisition. In Latin America, 1999 sales of CNH equipment were \$386 million, down 27% from prior-year levels, largely due to unfavorable market conditions as a result of the year-over-year devaluation of the Brazilian Real. In the Rest of World markets, sales of CNH agricultural and construction equipment were \$569 million, up 13% from the \$505 million reported in 1998, reflecting strong year-over-year increases in most product categories.

Revenues for Financial Services increased to \$412 million in 1999, up 14% as compared with \$361 million in 1998, largely driven by the impact of New Holland's first retail asset-backed securitization ("ABS") transaction, the fourth quarter acquisition of Case and slight growth in new business in Western Europe, Australia and Brazil. Financial Services' year-over-year revenue growth was partially offset by the impact of the continuing weakness in the agricultural equipment market.

Earnings

CNH recorded net income of \$148 million in 1999, as compared to net income of \$258 million in 1998. Diluted earnings per share for 1999 was \$0.97, as compared to \$1.73 in 1998. In 1999, CNH recorded restructuring charges of \$19 million (\$14 million after tax) for actions taken in response to lower retail demand in the global agricultural equipment market. In 1998, CNH recorded a \$40 million restructuring charge (\$29 million after tax) for employee termination payments. Excluding the impact of restructuring, 1999 net income was \$162 million, with diluted earnings per share of \$1.05, and comparable 1998 net income was \$287 million, with diluted earnings per share of \$1.92. Basic earnings per share, before restructuring, was \$1.09 in 1999 versus \$1.92 in 1998.

In 1999, CNH's Equipment Operations recorded net income, before equity income of Financial Services, of \$76 million, versus comparable net income of \$198 million in 1998. The decrease in earnings primarily resulted from lower agricultural equipment sales volumes driven by the continued downturn in the agricultural equipment market. Increased acquisition-related costs, including increased interest expense, as well as the amortization of fair value purchase accounting adjustments and goodwill related to the merger, also negatively impacted CNH's 1999 net income. The impact of these factors was partially offset by favorable foreign exchange and hedging activities, the inclusion of \$21 million for the amortization of negative goodwill related to the O&K acquisition and lower income tax expense. Throughout 1999, CNH progressively lowered agricultural equipment production to address declining retail demand. On a pretax basis, CNH's Equipment Operations recorded income of \$166 million, as compared to \$383 million in 1998.

Financial Services recorded net income of \$72 million in 1999, as compared to net income of \$60 million in 1998. The year-over-year increase in net income was primarily due to the gain on sale from the successful completion of CNH's first retail ABS transaction, increased operating lease income, and increased finance income earned on retail and other notes and finance leases, including the impact of the acquisition of Case.

Consolidated interest expense was \$266 million in 1999, as compared to \$162 million in 1998. This year-over-year increase primarily reflects the impact of acquisition-related debt and rising interest rates.

The consolidated income tax provision for 1999 was \$55 million, as compared to \$148 million in 1998. CNH's 1999 and 1998 effective income tax rates were 27% and 36%, respectively. These 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 and the reduction of valuation reserves attributable to the utilization of prior-year losses.

Business Segment Operating Results

The following is a discussion of CNH’s industry segment operating results. CNH defines operating earnings as the income of CNH’s Equipment Operations before interest, taxes and restructuring charges, including the net income of Financial Services on an equity basis. Operating earnings for Financial Services are reported on a net income basis. Also see Note 20 to the CNH Financial Statements included in Item 18 of this report.

CNH’s operating earnings for 1999 were \$335 million versus \$495 million in 1998. Financial Services recorded net income of \$72 million in 1999, as compared to net income of \$60 million in 1998. A reconciliation of CNH’s Equipment Operations’ net income to operating earnings is as follows (in millions):

	For the Years Ended December 31,	
	<u>1999</u>	<u>1998</u>
Equipment Operations		
Net income	\$148	\$258
Income tax provision	14	118
Interest expense	154	79
Restructuring charge	<u>19</u>	<u>40</u>
Operating earnings	<u>\$335</u>	<u>\$495</u>

Agricultural Equipment

Operating earnings for CNH’s worldwide agricultural equipment business decreased from \$316 million in 1998 to \$146 million in 1999. The decrease in operating earnings was driven by the continued weakness in the agricultural equipment industry. This weakness resulted in lower dealer orders, reflecting the ongoing decline in the near-term fundamentals in the global agricultural market. Low commodity prices, driven principally by continued higher than normal grain inventory levels, adversely affected net farm income. Throughout 1999, CNH progressively lowered its agricultural equipment production levels to align production relative to declining retail demand.

Worldwide sales of CNH agricultural equipment in 1999 declined \$247 million or 6% from prior-year levels. Excluding the impact of the Case merger in the fourth quarter of 1999, year-over-year sales of New Holland brand agricultural equipment would have declined \$591 million or 14% from 1998 levels. On a full year, pro forma basis after giving effect to the merger, net sales of CNH agricultural equipment were \$6,144 million, down 20% from \$7,683 million in 1998.

In addition to the overall volume decline, 1999 operating earnings for CNH’s agricultural equipment business were adversely impacted by variations in geographic and product line sales mix, including significantly lower sales of higher margin, large equipment. Worldwide sales of CNH tractors decreased 9% while worldwide sales of combines decreased 11% from the same period last year. Sales of CNH hay and forage equipment declined 14% as compared to prior-year levels. The lower retail demand and resulting decrease in dealer orders were due to the continued decline in the global agricultural market and the overall economic uncertainties in several emerging markets. In addition, commodity prices have dropped substantially year-over-year, affecting large-scale production agriculture. CNH’s 1999 operating earnings also reflect the impact of higher year-over-year costs for increased research and development expenses and costs associated with the acquisition of Case, including the amortization of fair value purchase accounting adjustments and goodwill related to the merger. These decreases in operating earnings were partially offset by the impact of

favorable manufacturing performance, as well as by benefits from CNH's restructuring actions and ongoing cost improvement initiatives.

Construction Equipment

Operating earnings for CNH's worldwide construction equipment business were \$117 million in 1999, as compared to \$119 million in 1998. The year-over-year increase in sales of CNH construction equipment, coupled with the \$21 million of income from the amortization of O&K negative goodwill, was more than offset by the impact of an adverse product mix, including higher sales of lower margin products. In addition, CNH incurred additional costs associated with advancing CNH's presence in the North American construction equipment market. Costs associated with the acquisition of Case, including the amortization of fair value purchase accounting adjustments and goodwill related to the merger, also negatively impacted operating earnings. Additionally, the year-over-year comparison of operating earnings was negatively impacted by the inclusion of \$14 million of income in CNH's 1998 operating earnings from an equity method investment that conducts research and development in Italy.

Worldwide sales of CNH construction equipment increased \$722 million or 55% in 1999 from 1998 levels, largely driven by strong retail demand in Western Europe, including the full-year impact of the December 1998 acquisition of O&K. Increased sales of skid steer loaders and graders, as well as additional sales from the acquisition of Case, also contributed to the year-over-year sales growth. Excluding the impact of the Case merger, year-over-year sales of New Holland brand construction equipment increased \$446 million or 34% from 1998 levels. On a full year, pro forma basis after giving effect to the merger, net sales of CNH construction equipment were \$3,785 million, up 7% from \$3,529 million in 1998.

Financial Services

Financial Services recorded net income of \$72 million in 1999, as compared to net income of \$60 million in 1998. Pretax income for Financial Services increased to \$113 million in 1999 from \$90 million in 1998. The year-over-year increase in pretax income was primarily due to a \$27 million gain on retail notes sold as a result of the successful completion of CNH's first retail ABS transaction, increased operating lease income, and increased finance income earned on retail and other notes and finance leases, including the impact of the acquisition of Case. These increases in pretax income were partially offset by the impact of lower margins on receivables due to a rising interest rate environment and competitive market conditions, net amortization expense for purchase accounting adjustments related to the merger and additional provisions for loan losses. The increased loan loss provisions support the significant growth in Financial Services' serviced portfolio, including higher losses associated with portfolio diversification, as well as higher losses resulting from the depressed agricultural equipment market. In addition, operating results for the full year reflect higher operating expenses as a result of Financial Services' growth initiatives, including operating expenses associated with the acquisition of Case.

Pro Forma 1999 Segments

CNH has prepared the following unaudited pro forma segment operating earnings data to illustrate the estimated effects of the acquisition of Case by New Holland as if this transaction had occurred on January 1, 1999. The pro forma data reflects the impact of the fair market value adjustments to the Case assets and

liabilities acquired, and is presented for illustrative purposes only. Also see Note 3 and Note 20 to the CNH Financial Statements included in Item 18 of this report.

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
	(in millions)			
<u>1999</u>				
Pro forma Operating Earnings:				
Agricultural equipment	\$(41)	\$ 80	\$(47)	\$(131)
Construction equipment	58	96	38	24
Financial services	<u>30</u>	<u>30</u>	<u>32</u>	<u>20</u>
Total	<u>\$ 47</u>	<u>\$206</u>	<u>\$ 23</u>	<u>\$ (87)</u>

1998 Compared to 1997

Worldwide revenues were \$5,697 million in 1998 versus \$5,991 million in 1997. Net sales of CNH farm and construction equipment were \$5,474 million in 1998, down 6% from \$5,798 million in 1997. The decline in 1998 sales as compared to the prior year reflects a 4% decrease in base volumes and a 2% deterioration from the impact of foreign exchange. The year-over-year decline in net sales reflects reduced shipments of agricultural equipment products, including an adverse change in North America product mix, as well as the impact of unfavorable currency translation arising from the stronger U.S. dollar, partially offset by a slight increase in product pricing. Sales of agricultural equipment were \$4,151 million in 1998, down 9% from 1997 levels, reflecting weakness in the agricultural equipment market as a result of low global prices for agricultural commodities. Sales of construction equipment were \$1,323 million, up slightly from \$1,222 million in 1997, largely driven by higher sales of skid steer loaders and loader/backhoes.

Sales in Western Europe were \$2,334 million in 1998 versus \$2,290 million in 1997. This year-over-year increase reflects higher sales of construction equipment, primarily skid steer loaders and loader/backhoes, partially offset by lower tractor sales and the impact of unfavorable currency translation related to a stronger U.S. dollar. In North America, sales of agricultural and construction equipment were \$2,107 million, down slightly from \$2,278 million in 1997, reflecting lower year-over-year sales of tractors and combines, partially offset by increased sales of skid steer loaders and loader/backhoes. In Latin America, 1998 sales of agricultural and construction equipment were \$528 million, up slightly over prior year. In the Rest of World markets, sales of CNH agricultural and construction equipment were \$505 million, down 30% from \$724 million in 1997, reflecting generally unfavorable economic conditions, including the impact of low agricultural commodity prices and reduced aid in developing nations.

Revenues from Financial Services were \$361 million in 1998, up 14% from \$317 million in 1997, primarily driven by an increase in retail and lease acquisitions.

Earnings

CNH recorded net income of \$258 million in 1998, as compared to net income of \$388 million in 1997. Earnings per share, basic and diluted, for 1998 were \$1.73, as compared to \$2.60 in 1997. In 1998, CNH recorded restructuring charges of \$40 million (\$29 million after tax) primarily for headcount-related actions. Net income, before restructuring, was \$287 million in 1998, with earnings per share of \$1.92. Basic earnings per share, before restructuring, was \$1.92 in 1998 versus \$2.60 in 1997.

In 1998, CNH's Equipment Operations recorded net income, before equity income of Financial Services, of \$198 million, versus comparable net income of \$320 million in 1997. CNH's 1998 performance primarily includes the impact of lower agricultural equipment sales volumes as a result of the downturn in the agricultural equipment market, partially offset by increased construction equipment volumes. In addition, CNH incurred a restructuring charge of \$40 million in 1998 to reduce headcount and realign its processes to address the agricultural equipment market decline. CNH also incurred higher research, development and

engineering expenses in 1998 as compared to prior year, largely in support of new and updated product introductions planned for 1999 and beyond. These decreases in net income were partially offset by lower 1998 income tax expense. On a pretax basis, CNH's Equipment Operations recorded income of \$383 million, as compared to \$613 million in 1997.

Financial Services recorded net income of \$60 million in 1998, as compared to net income of \$68 million in 1997. Pretax income increased to \$90 million in 1998, as compared to \$86 million in 1997, largely due to an overall increase in retail receivable income as a result of the growth in Financial Services' serviced portfolio, partially offset by higher interest expense and higher operating expenses in support of Financial Services' growth initiatives. The increase in pretax income was more than offset by the impact of higher taxes, primarily resulting from the geographical mix of profits.

Consolidated interest expense was \$162 million in 1998, as compared to \$137 million in 1997. The year-over-year increase in consolidated interest expense primarily reflects the impact of higher average on-balance-sheet receivables for Financial Services.

The consolidated income tax provision for 1998 was \$148 million, as compared to \$240 million in 1997. CNH's 1998 and 1997 effective income tax rates were 36% and 38%, respectively. These 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, the reduction of valuation reserves attributable to the utilization of prior-year losses and certain permanent differences.

Business Segment Operating Results

The following is a discussion of CNH's industry segment operating results. CNH defines operating earnings as the income of CNH's Equipment Operations before interest, taxes and restructuring charges, including the net income of Financial Services on an equity basis. Operating earnings for Financial Services are reported on a net income basis. Also see Note 20 to the CNH Financial Statements included in Item 18 of this report.

CNH's operating earnings for 1998 were \$495 million versus \$685 million in 1997. Financial Services recorded net income of \$60 million in 1998, as compared to net income of \$68 million in 1997. A reconciliation of CNH's Equipment Operations' net income to operating earnings is as follows (in millions):

	For the Years Ended December 31,	
	<u>1998</u>	<u>1997</u>
Equipment Operations		
Net income	\$258	\$388
Income tax provision	118	222
Interest expense	79	75
Restructuring charge	<u>40</u>	<u>—</u>
Operating earnings	<u><u>\$495</u></u>	<u><u>\$685</u></u>

Agricultural Equipment

Operating earnings for CNH's worldwide agricultural equipment business decreased from \$538 million in 1997 to \$316 million in 1998. The decrease in operating earnings includes the impact of CNH's production cuts in the second half of 1998 in response to market weakness in the agricultural equipment industry. CNH cut production schedules of agricultural tractors by 18% and 22% in the second half and fourth quarter of 1998, respectively, as compared with the respective prior-year periods. The lower retail demand and resulting decrease in dealer orders reflect the decline in the near-term fundamentals in the global agricultural market.

Low commodity prices, driven principally by continued higher than normal grain inventory levels, adversely affected net farm income.

Worldwide sales of CNH agricultural equipment declined \$425 million or 9% in 1998 from prior-year levels. In addition to the overall volume decline, 1998 operating earnings for CNH's agricultural equipment business were negatively impacted by adverse changes in product mix and inflation in labor costs, partially offset by increased manufacturing efficiencies.

Construction Equipment

Operating earnings for CNH's worldwide construction equipment business increased from \$79 million in 1997 to \$119 million in 1998. The higher 1998 operating earnings primarily reflect an 8% increase in year-over-year sales of CNH construction equipment, largely driven by strong retail demand in North America, Western Europe and Latin America.

Worldwide sales of CNH construction equipment increased \$101 million in 1998 from 1997 levels. In addition to the volume increase, CNH's 1998 operating earnings also include the impact of increased manufacturing efficiencies and the inclusion of \$14 million of income from an equity method investment that conducts research and development in Italy.

Financial Services

Financial Services recorded net income of \$60 million in 1998, as compared to net income of \$68 million in 1997. Pretax income for Financial Services increased to \$90 million in 1998, as compared to \$86 million in the prior year. The increase in 1998 pretax income is largely due to an overall increase in retail receivable income as a result of the growth in Financial Services' serviced portfolio. The year-over-year comparison of pretax income was negatively impacted by the inclusion of a \$7 million one-time gain from the 1997 securitization of certain wholesale receivables in North America. In addition, the year-over-year increase in 1998 pretax income was partially offset by higher operating expenses in support of CNH's growth initiatives, including the expansion of the financial services business in Europe and higher interest expense. Financial Services recorded higher taxes in 1998 as compared to the prior year, primarily due to the geographical mix of profits.

Restructuring

1998 Restructuring Activity

In 1998, CNH reviewed its manufacturing, selling and administrative processes in an effort to strengthen its competitive position and to better align its operations in response to current economic and market conditions. As a result, CNH announced a pretax restructuring charge of \$40 million for severance and other costs related to headcount reductions. CNH refers to these actions as the 1998 restructuring program.

The 1998 restructuring program included termination costs to eliminate approximately 420 salaried and 600 hourly positions. These termination payments included the cost of severance and contractual benefits in accordance with collective bargaining agreements and CNH policy, and also included costs for outplacement services, medical and supplemental vacation and retirement payments.

In connection with the 1998 acquisition of O&K, CNH recorded additional restructuring reserves of approximately \$29 million for employee and dealer termination costs. These costs were recorded in conjunction with the allocation of the initial O&K purchase price.

1999 Restructuring Activity

In conjunction with the merger, CNH's management is in the process of assessing and formulating a plan to integrate the operations of the Case and New Holland businesses. CNH refers to these adjustments as the 1999 restructuring program.

As part of its merger integration, CNH is evaluating the divestiture or closure of approximately 20% of its manufacturing locations, as well as the closure of approximately one-third of its 45 parts depots. Through the consolidation of all functional areas, including the impact of divestiture actions required by the European and U.S. regulatory agencies pursuant to the merger, CNH expects to reduce its worldwide workforce by approximately 20%, or 7,000 people, by 2002. The 1999 restructuring program takes into consideration duplicate capacity and other synergies including purchasing and supply chain management, research and development and selling, general and administrative functions.

As of December 31, 1999, CNH had recorded \$90 million in merger-related restructuring reserves for severance and other costs associated with identified headcount reductions as part of CNH's initial plan to integrate the Case operations. These costs were recorded in conjunction with the allocation of the initial Case purchase price.

The \$90 million merger-related restructuring reserve was determined based on formal plans approved by CNH's management using the best information available at the time. The amounts that CNH may ultimately incur may change as the balance of CNH's merger-related initiatives to integrate the Case and New Holland businesses are executed. As management completes and commits to additional activities of the plan, CNH anticipates that it will record additional restructuring reserves as an adjustment to goodwill for identified actions relative to the Case business. CNH has also announced that it will incur restructuring charges, beginning in 2000, to exit certain other activities and to further restructure CNH operations related to the New Holland business.

In 1999, CNH also recorded additional restructuring charges of \$19 million related to the remaining headcount actions contemplated under the 1998 restructuring program. These charges primarily represent severance and other related costs for the elimination of approximately 340 of the remaining salaried positions under the original plan.

The following table sets forth the CNH restructuring activities for the years ended December 31, 1998 and 1999 (in millions):

	1998 Activities				Balance at December 31, 1998
	Balance at December 31, 1997	Additions	Reserves Utilized*	Changes in Estimates	
Severance and other employee-related costs	\$18	\$ 67	\$(14)	\$ —	\$ 71
Costs related to closing / selling/ downsizing existing facilities	—	2	(2)	—	—
Total restructuring	<u>\$18</u>	<u>\$ 69</u>	<u>\$(16)</u>	<u>\$ —</u>	<u>\$ 71</u>

	1999 Activities				Balance at December 31, 1999
	Balance at December 31, 1998	Additions	Reserves Utilized*	Changes in Estimates	
Severance and other employee-related costs	\$71	\$ 19	\$(52)	\$(26)	\$ 12
Case purchase accounting reserve	—	90	—	—	90
Total restructuring	<u>\$71</u>	<u>\$109</u>	<u>\$(52)</u>	<u>\$(26)</u>	<u>\$102</u>

* Includes currency translation.

In 1999, CNH expended \$52 million for severance costs as contemplated under its restructuring programs. In 1999, CNH reversed \$26 million of purchase accounting reserves as CNH was unable to complete the required actions within one year of the O&K acquisition. The reversal of the \$26 million restructuring reserve was recorded against the initial O&K purchase accounting goodwill.

The \$90 million for severance and other employee-related costs established as part of the merger primarily includes the cash severance costs to reduce approximately 1,650 Case personnel in conjunction with CNH's integration activities. These termination payments include the cost of severance and contractual benefits in accordance with collective bargaining arrangements and CNH policy, and also include costs for outplacement services, medical, supplemental unemployment and supplemental vacation and retirement payments. As of February 29, 2000, CNH had terminated approximately 350 people related to this action.

The specific restructuring measures and associated estimated costs were based on management's best business judgment under prevailing circumstances. Management believes that the restructuring reserve balance of \$102 million at December 31, 1999, is adequate to carry out the restructuring activities as outlined above, and CNH anticipates that all actions will be completed by December 31, 2000. As prescribed under U.S. GAAP, if future events warrant changes to the reserve, such adjustments will be reflected in the applicable statements of income as "Restructuring charges," or in the applicable balance sheets as an adjustment to goodwill, as appropriate. CNH expects to fund the cash requirements of its restructuring activities with cash flows from operations and additional borrowings under CNH's existing credit facilities.

Divestitures

In approving the merger, the European and U.S. regulatory agencies identified a number of competitive concerns related to the combined operations of Case and New Holland in specified product lines and markets. To address these competitive concerns, CNH committed to a number of actions, including divestiture of the following product lines and facilities:

- Case's CX and MXC product lines and the Doncaster, United Kingdom, plant in which they are assembled;
- New Holland's Laverda combine harvester product line (excluding hillside models) and the Breganze, Italy, facility in which they are made;
- Case's large square balers assembled in Neustadt, Germany;
- Case's Fermecc brand loader/backhoe and industrial tractor product lines and the Fermecc manufacturing plant in Manchester, United Kingdom;
- Case's ownership interest in Hay & Forage Industries in Hesston, Kansas, a 50% joint venture with AGCO Corporation that produces hay and forage implements; and
- New Holland's Versatile four-wheel drive and Genesis two-wheel drive tractor lines, along with the Winnipeg, Canada, plant in which they are manufactured.

In addition, to address specific market issues in Austria, the parties have agreed to license or build the Steyr model M-948 and M-958 (and equivalent Case IH models) for sale by a third party. In the opinion of management, the impact of these divestitures is not material to CNH's overall results of operations.

Liquidity and Capital Resources

The discussion of liquidity and capital resources focuses on the balance sheets and statements of cash flows. CNH's operations are capital intensive and subject to seasonal variations in financing requirements for dealer receivables and inventories. Whenever necessary, funds provided from operations are supplemented from external sources.

Net Indebtedness

CNH's consolidated net indebtedness, defined as short- and long-term borrowings less cash and cash equivalents, is as follows (in millions):

	<u>At December 31,</u>	
	<u>1999</u>	<u>1998</u>
Short-term borrowings	\$4,953	\$1,682
Long-term borrowings, including current maturities	4,558	1,011
Cash and cash equivalents	<u>(466)</u>	<u>(677)</u>
Net indebtedness	<u>\$9,045</u>	<u>\$2,016</u>

CNH's net indebtedness at December 31, 1999, primarily reflects \$2.8 billion outstanding on the \$3.0 billion borrowed under short-term credit facilities to finance the acquisition of Case, and \$4.9 billion of Case debt assumed in the merger. Certain short-term borrowings were reduced during the year with the proceeds from Financial Services' \$1.0 billion retail ABS transaction.

Cash Flow from Operating Activities

	<u>For the Years Ended</u> <u>December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
	<u>(in millions)</u>		
Equipment Operations	\$ 377	\$ 70	\$ 444
Financial Services	<u>708</u>	<u>(233)</u>	<u>503</u>
Consolidated	<u>\$1,085</u>	<u>\$ (163)</u>	<u>\$ 947</u>

In 1999, cash provided by operating activities primarily related to reduced working capital. The Equipment Operations generated cash primarily by reducing inventory levels in response to the continued weakness in the agricultural equipment industry. Cash generated by Financial Services primarily resulted from the selling of \$1.0 billion in retail receivables in a retail ABS transaction in November 1999, partially offset by growth in the retail receivables portfolio.

The increase in cash generated by operating activities is due to greater decreases in levels of inventory and receivables in 1999 versus 1998, partially offset by lower earnings. In 1998, inventory increased during the second half of the year due to reduced market demand. In 1999, production cuts made in response to these conditions brought inventory and receivable levels down further. The increased cash provided by operating activities for Financial Services resulted from the \$1.0 billion retail ABS transaction.

The decreased cash provided by operating activities in 1998 versus 1997 primarily resulted from reduced profits and increased working capital. Inventory increased in 1998 due to reduced market demand in the second half of the year. This effect was partially offset by reduced production schedules. Trade receivables increased in 1998, but trade payables more closely matched production cuts.

Cash Flow from Investing Activities

Cash used in investment activities in 1999 was \$4,552 million, the majority of which was for the acquisition of 100% of the outstanding shares of Case, including related costs and expenses. In 1998, CNH expended \$73 million, net of cash acquired, for its acquisition and investment activities.

In 1997 CNH expended \$95 million for acquisition-related activities. In September 1997, CNH acquired a 35% interest in Flexi-Coil for approximately \$55 million. In January 1997, CNH acquired the remaining

51% partnership interest in two financial services joint ventures that it previously owned with a former parent company of CNH for aggregate consideration of \$50 million. In connection with this acquisition, CNH assumed approximately \$1.3 billion in outstanding financing obligations. CNH funded these acquisitions through \$757 million in proceeds received from the securitization of wholesale receivables in North America, as well as through additional short-term and long-term borrowings.

Capital expenditures in 1999, 1998 and 1997 totaled \$210 million, \$150 million and \$154 million, respectively. CNH made these capital expenditures to acquire the property, plant and equipment necessary to introduce new products, enhance manufacturing efficiency and further environmental and safety programs.

Cash Flow from Financing Activities

In 1999, cash provided by financing activities was \$3,327 million, primarily resulting from funds raised to finance the acquisition of Case. In conjunction with the acquisition, CNH drew \$3.0 billion from two, 364-day credit facilities arranged specifically to finance the transaction. Of this amount, \$200 million was repaid in December 1999, and \$1.0 billion was refinanced with an affiliate of Fiat in February 2000. Of the \$1.0 billion refinanced with Fiat, \$400 million is due in February 2003, with an interest rate of 7.7125%, and \$600 million is due in February 2005, with an interest rate of 7.8125%. Proceeds from a \$1.4 billion advance to capital from an affiliate of Fiat was also used to finance the acquisition. See Note 11 to the CNH Financial Statements included in Item 18 of this report for additional information about this advance.

Cash provided by financing activities was partially reduced by cash used by Financial Services to reduce short-term debt. Specifically, the cash proceeds from the \$1.0 billion retail ABS transaction were used to reduce levels of commercial paper and other short-term borrowings.

Cash provided by financing activities in 1998 was \$241 million, and cash used in financing activities in 1997 was \$585 million. In 1998, CNH increased its short-term borrowings to finance the growth of its retail receivables portfolio, and paid dividends to common shareholders. In 1997, CNH significantly increased its medium- and long-term borrowings and applied the proceeds, together with cash flow from operating activities, to reduce short-term borrowings.

Future Liquidity and Capital Resources

CNH has various lines of credit and liquidity facilities that include borrowings under both committed credit facilities and uncommitted lines of credit. A significant portion of CNH's financing has historically come from Fiat and Fiat affiliates. See Note 21, "Related Party Information," to the CNH Financial Statements included in Item 18 of this report.

CNH also has the ability to issue commercial paper in various countries under the following programs (in millions):

	<u>Commercial Paper</u>	
	<u>Program Size</u>	<u>Availability at December 31, 1999</u>
United States	\$4,200	\$3,445
Canada	345	154
Europe	500	475
Australia	<u>423</u>	<u>299</u>
Total	<u>\$5,468</u>	<u>\$4,373</u>

Under the terms of CNH's commercial paper programs, the principal amounts of the commercial paper outstanding, combined with amounts outstanding under the committed credit facilities, cannot exceed the total amount available under the committed credit facilities. Borrowings under Financial Services' \$1.5 billion commercial paper program are guaranteed by Fiat.

The following credit facilities were available to CNH at December 31, 1999:

- \$2.3 billion in revolving credit facilities that expire in August 2001;
- a \$1.0 billion revolving credit facility with an affiliate of Fiat, expiring in October 2001;
- a \$500 million revolving credit facility, guaranteed by an affiliate of Fiat, that expires December 31, 2001;
- a total of \$828 million in committed lines of credit expiring between 2000 and 2003;
- a total of \$1,105 million in committed lines of credit expiring between 2000 and 2004, and guaranteed by an affiliate of Fiat;
- a 364-day, \$750 million U.S. asset-backed commercial paper liquidity facility that expires in August 2000; and
- a total of \$1.7 billion in uncommitted credit facilities, including \$759 million that are guaranteed by an affiliate of Fiat.

At December 31, 1999, CNH had approximately \$5.5 billion available under its total lines of credit. In addition to these credit facilities, CNH also had at December 31, 1999, (1) a 364-day, \$2.4 billion term loan facility, and (2) a 364-day, \$600 million term loan, with an affiliate of Fiat. These facilities, which were established in October 1999 in conjunction with the financing of the Case acquisition, were fully utilized at December 31, 1999.

Certain of CNH's short-term credit facilities are also available to other members of the Fiat Group, and borrowings by them against these lines of credit reduce the amount available to CNH.

At the option of CNH, borrowings under the revolving credit facilities bear interest at (1) prime rate; (2) LIBOR, plus an applicable margin; or (3) banker's bills of acceptance rates, plus an applicable margin. Borrowings under commercial paper and commercial paper liquidity facilities bear interest at prevailing commercial paper rates. The weighted-average interest rate on consolidated short-term borrowings at December 31, 1999, was 6.37%.

CNH also has three securitization programs through which it may sell, on a revolving basis, fractional undivided interests in pools of wholesale receivables generated in the United States and Canada. Under these facilities, the maximum amount of proceeds that can be accessed at one time is \$1.2 billion, and is subject to change based on the level of eligible wholesale receivables. Unused capacity under these securitization programs was \$140 million at December 31, 1999. CNH expects to sell additional pools of receivables in the future.

In addition to the above availability, CNH has other sources of future liquidity including the asset-backed securities markets in the United States and Canada and public debt offerings. In the United States, Canada and Australia, CNH has also established medium-term note programs. As of December 31, 1999, CNH has issued \$375 million of medium-term notes pursuant to its \$800 million U.S. shelf registration statement; \$224 million of medium-term notes under its \$517 million Canadian program; and \$114 million of medium-term notes under its \$390 million Australian program.

CNH maintains sufficient committed lines of credit and liquidity facilities to cover its expected funding needs on both a short-term and long-term basis. CNH manages its aggregate short-term borrowings so as not to exceed availability under its committed lines of credit. CNH accesses short-term debt markets, predominantly through commercial paper issuances and committed and uncommitted credit facilities, to fund its short-term financing requirements and to ensure near-term liquidity. As funding needs are determined to be of a longer-term nature, CNH accesses medium- and long-term debt markets, as appropriate, to refinance short-term borrowings and, thus, replenish its short-term liquidity.

In managing its future liquidity requirements, CNH expects to pursue a financing strategy that includes:

- consolidating existing bank credit arrangements and other borrowing facilities available to CNH at the time of the merger, developing common standards for borrowing terms and conditions;
- maintaining a relationship with Fiat, including credit support when appropriate;

- maintaining continuous access to a variety of financing sources, including U.S. and international capital markets and commercial bank lines; and
- funding Financial Services with a combination of financing and receivables securitizations.

CNH pays a guarantee fee of 0.0625% per annum on the average amount outstanding under facilities guaranteed by Fiat. Fiat has stated that it intends to continue the guarantee for as long as it controls CNH and, in any event, at least until December 31, 2003. Fiat has committed that it will not terminate these facilities after this period expires without first giving a reasonable period for CNH to secure alternative financing.

CNH estimates that for 2000, capital expenditures and other investments amounting to \$45 million in the aggregate will be required to complete projects authorized as of December 31, 1999, for which substantial commitments by CNH have been made. CNH expects that these commitments will be funded with cash flows from operations.

Year 2000

The Year 2000 issue refers to the risk that systems, products and equipment having date-sensitive components will not recognize the year 2000, resulting in potential system failures or miscalculations that could cause disruption of operations.

CNH has implemented those procedures that it deemed necessary to safeguard it from computer-related issues associated with adverse effects as a result of improperly recognizing the millennial data change. As a result of its Year 2000 preparation efforts, CNH experienced no significant Year 2000-related failures to date. CNH plans to continue monitoring its systems and CNH also has contingency plans available in the event that a Year 2000 failure should occur. These contingency plans were designed to mitigate the impact on CNH if its Year 2000 compliance efforts were not successful.

As of December 31, 1999, CNH has incurred, in the aggregate, approximately \$24 million of costs for Year 2000 remediation. These costs were expensed as incurred and do not include approximately \$36 million in the aggregate, including \$14 million in 1999, for Case's Year 2000 remediation expenses that were incurred prior to the merger. CNH's cost estimates do not include the cost of implementing contingency plans and also do not include any potential litigation or warranty costs related to Year 2000 issues if CNH's remediation efforts are not successful. CNH anticipates that remaining Year 2000 remediation costs will be minimal.

Euro

CNH has implemented systems to prepare for the transition from European national currencies to the Euro. CNH believes that the greatest impact on CNH brought about by the introduction of the Euro has been the increased price transparency on European sales of European manufactured products.

Management believes that the price convergence from the Euro introduction has not resulted in any material adverse impact on the financial results of CNH's existing operations in the participating member states. In addition, the elimination of currency exchange fluctuations as a result of the Euro introduction has reduced CNH's exposure to foreign exchange risk within the Euro member states.

CNH has not found it necessary to make significant investments in systems hardware or software to prepare for and operate in the Euro. CNH is not in a position to quantify any possible long-term impact of the Euro on its revenues or expenses. However, at this time, CNH has no reason to believe that it is in a weak or unfavorable position relative to the Euro introduction as compared to its competitors or other companies dealing in Europe.

Outlook

Global prices for agricultural commodities remained low in the fourth quarter of 1999 and, as a result, industry demand for agricultural equipment continued at depressed levels. The impact was strongest in

combines and row-crop tractors in North America. Further, dairy prices have been under pressure. While a stabilization of Asian economies may stimulate increased farm commodity purchases in 2000, supply continues to be the primary driver. With grain inventory stocks at higher than normal levels, future commodity prices will largely depend upon the 2000 harvests from both the Southern and Northern Hemispheres. However, farmers have received significant government support and land values are relatively stable. This has resulted in farmers' overall financial conditions being stronger than expected. Given these market conditions, CNH expects retail sales of agricultural equipment to be moderately lower in 2000 as compared to 1999.

The global outlook for the construction equipment market in 2000 is expected to be unchanged from that of 1999. Western Europe is projected to be comparable to 1999 and significant improvement is expected in Latin America and in markets in the Rest of World, including Australia and New Zealand. These improvements will be offset by North America, where the market is anticipated to be slightly lower compared to the strong conditions of the last several years.

Seasonality and Production Schedules

Seasonal demand for agricultural equipment varies by region and product, primarily due to differing climates and farming calendars. Peak retail demand for tractors and tillage machines occurs in the March-June months in the Northern Hemisphere and in the September-November months in the Southern Hemisphere. Equipment dealers generally order harvesting equipment in the Northern Hemisphere in the fall and winter so that they can receive inventory during the winter and spring prior to the peak equipment selling season, which begins in May and June. In the Southern Hemisphere, equipment dealers generally order between September and November and the primary selling season for harvesting equipment extends from November through February. Harvesting in the Southern Hemisphere begins in December and January. The retail-selling season for combine harvesters and hay and forage equipment is concentrated in the few months around harvest time.

Seasonal demand fluctuations for construction equipment are somewhat less significant than for farm equipment. Nevertheless, in North America, housing construction slows down, especially in the Midwest and on the East Coast, during the first quarter. North American and European retail demand for construction equipment is strongest in the second and fourth quarters.

Sales to independent dealers closely correspond with production levels, which are based upon CNH's estimates of demand. These estimates take into account the timing of dealer shipments (which are 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. CNH expects to adjust its production levels to reflect changes in estimated demand, dealer inventory levels, labor disruptions and other matters not within its control. Because CNH spreads its production and wholesale shipments 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.

Inflation

Inflation impacts CNH's business in both the costs of production and the demand for its products.

A significant portion of the cost of CNH machinery is comprised of material costs. Therefore, material price inflation could result in increased manufacturing costs through supplier price increases to CNH. CNH's ability to recover increased supplier costs would be dependent, in part, on its competitors' responses to these economic conditions. Manufacturing cost increases in excess of increased pricing in the market could have an adverse effect on CNH.

Increases in inflation tend to cause higher interest rates. The demand for farm and, to a greater extent, construction equipment, is negatively impacted by high interest rates. As interest rates on farm debt escalate, farmers tend to delay equipment purchases. CNH's construction equipment business is heavily tied to the housing construction sector, and in the face of rising mortgage rates, potential homeowners tend to delay

purchases. Increases in the level of worldwide inflation could have a negative effect on the level of demand for farm and construction equipment.

Other Risk Factors

CNH may not fully achieve the anticipated benefits of the merger

CNH's ability to achieve the anticipated benefits of the merger, including the realization of \$400 - \$500 million in expected annual operating synergies over the next three to four years, depends on, among other things, CNH's ability to integrate effectively the operations and employees of New Holland and Case.

Other factors that may affect the success of the merger include:

- dealer acceptance of the combined operations and multi-branding strategy;
- the impact of the merger on Case's and New Holland's pre-merger market shares;
- the reconciliation of inconsistent terms in the respective pre-merger joint venture agreements of New Holland and Case; and
- the timing of the synergies and other benefits expected to result from the merger.

An oversupply of used and rental equipment may negatively affect CNH's sales

In recent years, short-term lease programs and commercial rental agencies for agricultural and construction equipment have expanded significantly. As this equipment comes off lease or is replaced with newer equipment by rental agencies, there will be a significant increase in the availability of late-model used equipment. An oversupply in used equipment could depress sales of new equipment. CNH cannot predict how much an oversupply of used equipment would affect demand for, and the market prices of, new and used equipment in the event of a continued downturn in market demand, and the effect could be substantial.

Item 9(a). *Quantitative and Qualitative Disclosures About Market Risk.*

CNH is exposed to market risk from changes in both foreign currency exchange rates and interest rates. CNH monitors its exposure to these risks, and manages the underlying economic exposures through the use of financial instruments such as forward contracts, currency options, interest rate swaps and forward rate agreements. CNH does not hold or issue derivative or other financial instruments for speculative or trading purposes. Fiat has executed, on CNH's behalf, certain foreign exchange and interest rate-related contracts. As of December 31, 1999, CNH and its subsidiaries were parties to derivative or other financial instruments having an aggregate contract value of \$45 million to which affiliates of Fiat were counterparties. CNH management believes that the terms of the contracts entered into with Fiat and its affiliates are at least as favorable to those available from unaffiliated third parties.

Foreign Currency Risk Management

CNH has significant international manufacturing operations. Foreign exchange risk exists to the extent that CNH has payment obligations or receipts denominated in currencies other than the functional currency of the various manufacturing operations. To manage these exposures, CNH identifies naturally offsetting positions and then purchases hedging instruments to protect the remaining net anticipated exposures. In addition, CNH hedges the anticipated repayment of intercompany loans to foreign subsidiaries denominated in foreign currencies. For further information on CNH's foreign exchange rate risk management, see Note 14 to the CNH Financial Statements included in Item 18 of this report.

CNH regularly monitors its currency exchange rate exposure, executes policy-defined hedging strategies and reviews the ongoing effectiveness of such strategies. At December 31, 1999, the notional amount of forward contracts and currency swaps was approximately \$774 million, purchased options was \$26 million and sold options was \$11 million. The potential loss in fair value of such financial instruments resulting from a hypothetical 10% change in foreign currency exchange rates would be approximately \$64 million.

The above sensitivity analysis assumes an unfavorable 10% fluctuation in the exchange rates affecting the foreign currencies in which the financial instruments are denominated. As consistently and simultaneously unfavorable movements in all relevant exchange rates are unlikely, this assumption may overstate the impact of exchange rate fluctuations on such financial instruments. Further, this calculation does not include trade receivables or trade payables denominated in foreign currencies or anticipated cash flows related to the underlying business transactions. Management believes that the above movement in foreign exchange rates would have an offsetting impact on the underlying business transactions that the financial instruments are used to hedge.

Interest Rates

CNH reduces exposure to interest rate fluctuations through the use of financial instruments, swaps and forward rate agreements. These instruments aim to stabilize funding costs by managing the exposure created by the differing maturities and interest rate structures of CNH's financial assets and liabilities.

CNH uses a model to monitor interest rate risk and to achieve a predetermined level of matching between the interest rate structure of its financial assets and liabilities. Fixed-rate financial instruments are segregated from floating-rate financial instruments in evaluating the potential impact of changes in applicable interest rates. The potential loss in fair market value of financial instruments held at December 31, 1999, resulting from a hypothetical, instantaneous and unfavorable change of 10% in the interest rate applicable to such financial instruments would be approximately \$4 million. This would be fully attributable to the impact of the above interest rate change on fixed-rate financial assets and liabilities. A hypothetical and instantaneous change of 10% in interest rates applicable to floating-rate financial assets and liabilities held at December 31, 1999 (excluding floating-rate financial instruments converted into fixed rate through derivatives), would result in an additional annual cash outflow of approximately \$16 million.

The above sensitivity analyses are based on the assumption of an unfavorable 10% movement of the interest rates applicable to each homogeneous category of financial assets and liabilities. A homogeneous category is defined according to the currency in which financial assets and liabilities are denominated and assumes the same interest rate movement within each homogeneous category. As a result, CNH's 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.

Changes in Market Risk Exposure as Compared to 1998

CNH's exposure to interest rate and foreign currency risk has changed significantly from 1998 as a result of the merger with Case due to the increase in long- and short-term borrowings, long-term receivables, and the increased level of economic activity transacted and assets denominated in U.S. dollars.

CNH's exposure to interest rate risk has increased at December 31, 1999, due to the \$8,218 million increase in total debt, including the advance to capital, as well as the increase in long-term receivables of \$1,578 million. CNH's exposure to foreign currency exchange risk has decreased since, as a result of the merger, a larger percentage of CNH's revenues and long-term assets are denominated in its reporting currency, which is the U.S. dollar.

Item 10. Directors and Officers of Registrant.

Responsibility for the management of CNH lies with the Board of Directors of CNH, which supervises the policies of CNH and the general course of corporate affairs. The members of the Board are appointed at the Annual General Meeting of Shareholders and do not have fixed terms of office.

At March 27, 2000, the directors and executive officers of CNH are as set forth below:

<u>Name</u>	<u>Age</u>	<u>Position with CNH</u>	<u>Director / Executive Officer Since</u>
Jean-Pierre Rosso	59	Director and Chairman and Chief Executive Officer	1999
Umberto Quadrino	53	Director and Co-Chairman	1996
Paolo Cantarella	55	Director	1996
Pei-yuan Chia	61	Director	1999
Damien Clermont	48	Director	1999
Alfredo Diana	69	Director	1999
Katherine M. Hudson	53	Director	1999
Kenneth Lipper	58	Director	1996
James L.C. Provan	63	Director	1995
Paolo Monferino	53	President and Chief Operating Officer	2000
Theodore R. French	45	President, Financial Services and Chief Financial Officer	1999
Harold D. Boyanovsky	55	President, Worldwide Agricultural Equipment Products	1999
Fausto Lanfranco	55	President, Worldwide Construction Equipment Business	1996
Andrew E. Graves	41	President, CNH Capital	1999
William T. Kennedy	57	President, New Holland Agricultural Business	1996
Leopold Plattner	53	President, Case IH Agricultural Business	1999
Gustavo Bracco	51	Senior Vice President, People and Organization Development	1999
Roberto Miotto	53	Senior Vice President, General Counsel and Secretary	1991
David Pegg	56	Senior Vice President and Controller	1997

Mr. Quadrino served as Chairman of the Board of Directors of CNH from May 24, 1999, to November 11, 1999, and as its President and Chief Executive Officer since 1996. On November 12, 1999, Mr. Quadrino was appointed Co-Chairman.

Mr. Monferino was appointed President and Chief Operating Officer of CNH on March 24, 2000.

The Company has both an Audit Committee and a Nominating and Compensation Committee of the Board of Directors.

The principal functions of the Audit Committee are to recommend the selection and review the activities of CNH's independent public accountants, and to exercise general oversight with respect to CNH's financial reporting process and internal accounting controls. The Committee currently consists of Ms. Hudson and Messrs. Lipper and Provan. Mr. Lipper serves as Chairperson of this Committee.

The principal functions of the Nominating and Compensation Committee are to aid in attracting qualified candidates to serve as outside directors and exercise general oversight of CNH's executive compensation program, including fixing the compensation of executive and certain other senior officers of CNH. The Committee currently consists of Messrs. Cantarella, Chia and Diana. Mr. Cantarella serves as Chairperson of this Committee.

Item 11. Compensation of Directors and Officers.

The aggregate amount of compensation paid by CNH and its subsidiaries to the 19 directors and executive officers named in Item 10 who were directors and executive officers during 1999 was approximately \$8,619,000, of which approximately \$255,000 represented a provision for termination indemnities and social security charges required by Italian law with respect to the officers employed in Italy. The aggregate amount set aside by CNH with respect to pension and similar benefits during 1999 totaled approximately \$517,000. Such aggregate amounts respectively include compensation paid and pension and similar benefits set aside for Steven G. Lamb, who served as President and Chief Operating Officer of Case prior to the merger and thereafter in the same capacity for CNH until March 24, 2000.

CNH maintains a management bonus program that links a portion of the compensation paid to senior executives to CNH's achievement of financial performance criteria specified by the Nominating and Compensation Committee of CNH's Board of Directors.

During 1999, CNH granted to the executive officers named in Item 10 and to Mr. Lamb an aggregate of 660,000 restricted common shares under its Equity Incentive Plan or EIP. CNH granted the restricted shares issued under this plan at no cost to the executive officers. The restricted shares remain subject to restrictions for periods ranging from twelve months to seven years. Of the restricted shares granted, 330,000 vest ratably over three years from the award date, while the remaining 330,000 performance-based shares vest subject to the attainment of specified performance criteria. Such performance-based shares vest no later than seven years from the award date. The aggregate fair market value, determined as of the date of grant on December 20, 1999, of the restricted shares granted to executive officers by CNH in 1999 was \$7.9 million. For a description of the terms of the EIP, see Item 12, "Options to Purchase Securities from CNH or its Subsidiaries."

Several executive officers of CNH are also eligible to participate in the incentive stock option plan of Fiat. Under this plan, on March 30, 1999, these executive officers received, in the aggregate, a total of 116,200 options to purchase Fiat's ordinary shares at an exercise price of Euro 28.45, which was the fair market value of the ordinary shares at the time of grant. Fifty percent of these options vest on April 1, 2001, and the remainder vest on April 1, 2002. If not exercised before March 31, 2007, these options will expire on that date.

Each outside director of CNH is paid a fee of \$1,250 plus expenses for each Board of Directors and committee meeting attended. Outside directors also receive an annual retainer fee of \$35,000. In addition, each outside director who chairs a committee is paid an annual retainer fee of \$5,000 per committee chair held. The value of these fees is included in the aggregate compensation amount set forth above. Under the Outside Directors' Compensation Plan, all outside director annual retainer fees are paid in the form of CNH common shares unless a director elects to receive a portion of his or her fees, up to a maximum of 50%, in cash. In addition, outside directors may also elect to forego payment of all or any portion of their fees otherwise payable in common shares and to instead receive an option to purchase common shares at a purchase price equal to the fair market value of the common shares on the date that such fees would otherwise have been paid to the director. The number of shares subject to such an option will be equal to the amount of fees that the director elected to forego, multiplied by four and divided by the fair market value of a common share on the date the fees would otherwise have been paid to the director. Stock options granted as a result of such an election vest immediately upon grant, but the shares purchased under the option cannot be sold for six months following the date of grant. Outside directors also receive an annual grant of options to purchase CNH common shares that vest on the third anniversary of the grant date. The exercise price of all options granted under the Outside Directors' Compensation Plan equal the fair market value of CNH's common shares on the date of grant. There are one million common shares reserved for issuance under the Outside Directors' Compensation Plan. See Item 12, "Options to Purchase Securities from CNH or its Subsidiaries."

Mr. Rosso is party to an employment agreement with CNH under which he receives a salary, an annual cash bonus and an annual target value of stock awards aggregating not less than \$1 million per year.

Mr. Quadrino is party to an employment contract with Fiat. Under this agreement, Mr. Quadrino performed various services for Fiat during 1999 and received approximately \$451,000 in compensation from

Fiat, of which approximately \$181,000 represented a provision for termination indemnities and social security charges required by Italian law with respect to individuals employed in Italy. This payment was in addition to the salary and bonus compensation that Mr. Quadrino received from CNH. On November 12, 1999, in connection with the merger, Mr. Quadrino stepped down as the Chief Executive Officer of CNH, however, he continues to serve as a director and as Co-Chairman of CNH.

Certain CNH officers are party to “Change in Control” agreements that provide for severance benefits if the officer’s employment terminates other than for “cause” within 12 months following a potential change in control or within 24 to 36 months following a change in control.

Item 12. *Options to Purchase Securities from Registrant or Subsidiaries.*

CNH has adopted the CNH Equity Incentive Plan or EIP. The EIP authorizes the grant of stock options, restricted stock, stock appreciation rights and other equity-based awards to officers and employees of CNH. There are 28 million common shares reserved for issuance under the EIP. Options granted under the EIP have an exercise price that is no less than the fair market value of the common shares on the date of grant, vest ratably between six months and seven years from the award date and expire after ten years. As of March 27, 2000, options to purchase an aggregate of 4,810,350 CNH common shares were outstanding under the EIP with an exercise price of \$13.77. The options expire on December 19, 2009.

As of March 27, 2000, an aggregate of 34,796 options to purchase CNH common shares were outstanding under the Outside Directors’ Compensation Plan. The exercise prices of the outstanding options range from \$11.22 to \$15.41 with a weighted-average exercise price of \$13.48. The options expire ten years after the date of grant. The expiration dates of the outstanding options range from November 11, 2009 through February 28, 2009. See Item 11, “Compensation of Directors and Officers.”

As of March 27, 2000, the named directors and executive officers held an aggregate of 2,874,796 options to purchase CNH common shares.

Item 13. *Interest of Management in Certain Transactions.*

On November 12, 1999, New Holland Holdings N.V., the majority shareholder of CNH, contributed \$1.4 billion to CNH in the form of an advance to capital to partially finance the merger of New Holland and Case. The terms of this advance to capital provide that New Holland Holdings will receive common shares of CNH in exchange for its advance at the earlier of (1) any public equity offering by CNH, or (2) June 30, 2000. If CNH conducts a public equity offering before June 30, 2000, then New Holland Holdings will receive that number of CNH common shares that it could have purchased with \$1.4 billion at the public offering price, less any underwriting discount. Otherwise, New Holland Holdings will receive that number of CNH common shares that it could have purchased with \$1.4 billion at a price determined by averaging the daily closing prices (after excluding the highest and lowest prices) of CNH common shares on the New York Stock Exchange during the 20 trading days immediately preceding June 30, 2000. CNH may pay a discretionary return to New Holland Holdings on its advance to capital at a maximum annual rate of 6.25% when, as and if declared by the Board of Directors of CNH.

PART II

Item 14. *Description of Securities to be Registered.*

Not applicable.

PART III

Item 15. *Defaults upon Senior Securities.*

None.

Item 16. *Changes in Securities and Changes in Security for Registered Securities.*

On March 28, 2000, CNH amended the indenture governing Case's 7¼% notes due 2016, Case's 7¼% notes due 2005 and Case's 6¼% notes due 2003, to provide for a full and unconditional guarantee by CNH of Case's obligations under this indenture. Approximately \$288 million, \$297 million and \$289 million of these respective notes remained outstanding at December 31, 1999.

PART IV

Item 17. *Financial Statements.*

Not applicable.

Item 18. *Financial Statements.*

Reference is made to Item 19(a) for a list of all financial statements filed as part of this annual report.

Item 19. *Financial Statements and Exhibits.*

Item 19(a). Index to Financial Statements and Schedules

INDEX TO FINANCIAL STATEMENTS:

CNH GLOBAL N.V. AND CONSOLIDATED SUBSIDIARIES

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.	

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of CNH Global N.V. (formerly New Holland N.V.) and its subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, of cash flows and of changes in shareholders' equity for each of the three years in the period ended December 31, 1999, all expressed in U.S. dollars. 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. We did not audit the financial statements of the Company's wholly owned subsidiary, Case Corporation, which was acquired on November 12, 1999, which statements reflect total assets of U.S. \$11,613 million at December 31, 1999, and net sales and revenues of U.S. \$684 million for the period from date of acquisition through December 31, 1999. Those statements were audited by other auditors whose report has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Case Corporation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CNH Global N.V. and its subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles in the United States.

Our audits, and the audit of the other auditors, were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental financial information for the financial position and results of operations of the Equipment Operations and Financial Services businesses of CNH Global N.V. is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, based on our audits and the report of the other auditors, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. Also, the schedule listed in the index to Item 19 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, based on our audits and the report of the other auditors, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers N.V.

Amsterdam, The Netherlands
February 1, 2000

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheet of Case Corporation (a Delaware Corporation and wholly owned subsidiary of CNH Global N.V.) and subsidiaries as of December 31, 1999, and the related statements of income, shareholders' investment and cash flows for the period November 12, 1999 to December 31, 1999. These consolidated financial statements and the supplemental financial statements referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the supplemental financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the 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, the financial statements referred to above present fairly, in all material respects, the financial position of Case Corporation and subsidiaries as of December 31, 1999, and the results of their operations and their cash flows for the period November 12, 1999 to December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental financial statements of Equipment Operations and Financial Services are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. This information 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 in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
January 24, 2000

CNH GLOBAL N.V.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(in millions of U.S. dollars, except per share data)

	Consolidated			Equipment Operations			Financial Services		
	1999	1998	1997	1999	1998	1997	1999	1998	1997
Revenues:									
Net sales	\$5,949	\$5,474	\$5,798	\$5,949	\$5,474	\$5,798	\$ —	\$ —	\$ —
Finance and interest income	<u>324</u>	<u>223</u>	<u>193</u>	<u>17</u>	<u>—</u>	<u>—</u>	<u>412</u>	<u>361</u>	<u>317</u>
	6,273	5,697	5,991	5,966	5,474	5,798	412	361	317
Costs and Expenses:									
Cost of goods sold	4,884	4,348	4,521	4,884	4,348	4,521	—	—	—
Selling, general and administrative	726	585	568	657	536	524	69	49	44
Research, development and engineering	196	152	129	196	152	129	—	—	—
Restructuring charge	19	40	—	19	40	—	—	—	—
Interest expense	266	162	137	154	79	75	217	221	186
Other, net	<u>(16)</u>	<u>11</u>	<u>23</u>	<u>(29)</u>	<u>10</u>	<u>21</u>	<u>13</u>	<u>1</u>	<u>2</u>
	6,075	5,298	5,378	5,881	5,165	5,270	299	271	232
Equity in Income of Unconsolidated Subsidiaries and Affiliates:									
Financial Services	—	—	1	72	60	68	—	—	1
Equipment Operations	<u>9</u>	<u>14</u>	<u>17</u>	<u>9</u>	<u>14</u>	<u>17</u>	<u>—</u>	<u>—</u>	<u>—</u>
Income before taxes and minority interest	207	413	631	166	383	613	113	90	86
Income tax provision	55	148	240	14	118	222	41	30	18
Minority interest	<u>4</u>	<u>7</u>	<u>3</u>	<u>4</u>	<u>7</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income	<u>\$ 148</u>	<u>\$ 258</u>	<u>\$ 388</u>	<u>\$ 148</u>	<u>\$ 258</u>	<u>\$ 388</u>	<u>\$ 72</u>	<u>\$ 60</u>	<u>\$ 68</u>
Per share data:									
Basic earnings per share	<u>\$ 0.99</u>	<u>\$ 1.73</u>	<u>\$ 2.60</u>						
Diluted earnings per share	<u>\$ 0.97</u>	<u>\$ 1.73</u>	<u>\$ 2.60</u>						

The accompanying notes to financial statements are an integral part of these Statements of Income. Reference is made to Note 2 for definitions of “Equipment Operations” and “Financial Services.”

CNH GLOBAL N.V.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1999 AND 1998
(in millions of U.S. dollars, except share data)

	<u>Consolidated</u>		<u>Equipment Operations</u>		<u>Financial Services</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents.....	\$ 466	\$ 677	\$ 387	\$ 588	\$ 79	\$ 89
Accounts and notes receivable	4,136	2,057	2,216	1,219	2,061	1,351
Inventories.....	2,422	1,512	2,422	1,512	—	—
Deferred income taxes	442	169	424	168	18	1
Prepayments and other	304	39	238	30	104	31
Total current assets	<u>7,770</u>	<u>4,454</u>	<u>5,687</u>	<u>3,517</u>	<u>2,262</u>	<u>1,472</u>
Long-Term Receivables.....	3,037	1,459	330	114	2,707	1,345
Property, Plant and Equipment, net	1,875	724	1,867	721	8	3
Other Assets:						
Investments in unconsolidated subsidiaries and affiliates	328	215	305	209	23	6
Investment in Financial Services	—	—	1,080	318	—	—
Equipment on operating leases, net	557	19	—	—	557	19
Goodwill and intangibles	3,495	250	3,338	221	157	29
Other	616	175	321	174	295	1
Total other assets	<u>4,996</u>	<u>659</u>	<u>5,044</u>	<u>922</u>	<u>1,032</u>	<u>55</u>
Total	<u>\$17,678</u>	<u>\$7,296</u>	<u>\$12,928</u>	<u>\$5,274</u>	<u>\$6,009</u>	<u>\$2,875</u>
<u>LIABILITIES AND EQUITY</u>						
Current Liabilities:						
Current maturities of long-term debt	\$ 130	\$ 83	\$ 25	\$ 30	\$ 105	\$ 53
Short-term debt	4,953	1,682	3,879	553	1,160	1,634
Accounts payable	1,362	890	1,373	890	28	—
Restructuring liability	102	71	102	71	—	—
Other accrued liabilities.....	1,690	1,015	1,613	1,020	117	25
Total current liabilities	<u>8,237</u>	<u>3,741</u>	<u>6,992</u>	<u>2,564</u>	<u>1,410</u>	<u>1,712</u>
Long-Term Debt	4,428	928	1,073	95	3,369	833
Other Liabilities:						
Pension, postretirement and postemployment benefits	1,079	571	1,066	559	13	12
Advance to capital	1,400	—	1,400	—	—	—
Other	754	199	618	199	136	—
Total other liabilities	<u>3,233</u>	<u>770</u>	<u>3,084</u>	<u>758</u>	<u>149</u>	<u>12</u>
Commitments and Contingencies (Note 17)	—	—	—	—	—	—
Minority Interest	70	73	69	73	1	—
Shareholders' Equity:						
Common Shares, Euro 0.45 par value; authorized 444,444,460 shares, issued 149,660,000 shares in 1999 and 149,000,000 shares in 1998	88	88	88	88	12	2
Paid-in capital.....	1,645	1,637	1,645	1,637	856	181
Retained earnings	250	184	250	184	212	136
Accumulated other comprehensive income (loss)	(265)	(125)	(265)	(125)	—	(1)
Unearned compensation on restricted shares	(8)	—	(8)	—	—	—
Total shareholders' equity	<u>1,710</u>	<u>1,784</u>	<u>1,710</u>	<u>1,784</u>	<u>1,080</u>	<u>318</u>
Total	<u>\$17,678</u>	<u>\$7,296</u>	<u>\$12,928</u>	<u>\$5,274</u>	<u>\$6,009</u>	<u>\$2,875</u>

The accompanying notes to financial statements are an integral part of these Balance Sheets. Reference is made to Note 2 for definitions of "Equipment Operations" and "Financial Services."

CNH GLOBAL N.V.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(in millions of U.S. dollars)**

	Consolidated			Equipment Operations			Financial Services		
	1999	1998	1997	1999	1998	1997	1999	1998	1997
Operating activities:									
Net income	\$ 148	\$ 258	\$ 388	\$ 148	\$ 258	\$ 388	\$ 72	\$ 60	\$ 68
Adjustments to reconcile net income to net cash provided (used) by operating activities:									
Depreciation and amortization	183	132	122	160	126	119	23	6	3
Deferred income tax expense (benefit)	45	43	73	31	45	73	14	(2)	—
(Gain) loss on disposal of fixed assets	(5)	(2)	1	(7)	(2)	1	2	—	—
Undistributed earnings of unconsolidated subsidiaries	(9)	(14)	(18)	(81)	(74)	(85)	—	—	(1)
Changes in operating assets and liabilities:									
(Increase) decrease in receivables	615	(342)	253	(86)	(68)	(187)	585	(252)	426
(Increase) decrease in inventories	256	(61)	(81)	256	(61)	(81)	—	—	—
(Increase) decrease in prepayments and other current assets	(185)	(45)	(47)	(135)	(39)	(51)	(67)	(19)	(3)
Increase (decrease) in payables	27	(104)	124	99	(105)	148	5	(1)	(31)
Increase (decrease) in accrued and other liabilities	(45)	(34)	128	(104)	(16)	115	84	(25)	41
Other, net	55	6	4	96	6	4	(10)	—	—
Net cash provided (used) by operating activities ...	1,085	(163)	947	377	70	444	708	(233)	503
Investing activities:									
Acquisitions and investments, net of cash acquired ..	(4,394)	(73)	(95)	(4,442)	(73)	(105)	36	—	(40)
Proceeds from sale of businesses and assets	86	13	13	83	12	13	3	1	—
Expenditures for property, plant and equipment ..	(210)	(150)	(154)	(209)	(149)	(153)	(1)	(1)	(1)
Expenditures for equipment on operating leases ..	(63)	(18)	(6)	—	—	—	(63)	(18)	(6)
Other, net	29	(3)	—	30	(5)	11	(1)	2	(11)
Net cash provided (used) by investing activities	(4,552)	(231)	(242)	(4,538)	(215)	(234)	(26)	(16)	(58)
Financing activities:									
Proceeds from issuance of long-term debt	268	288	609	61	52	27	207	236	582
Payment of long-term debt	(112)	(108)	(27)	(59)	(18)	(27)	(53)	(90)	—
Net increase (decrease) in short-term revolving credit facilities	1,945	143	(1,085)	2,803	(21)	(33)	(858)	164	(1,052)
Capital contributions	—	—	—	—	—	—	12	—	50
Advance to capital	1,400	—	—	1,400	—	—	—	—	—
Dividends paid	(82)	(82)	(82)	(82)	(82)	(82)	—	—	—
Other, net	(92)	—	—	(92)	—	—	—	—	—
Net cash provided (used) by financing activities ...	3,327	241	(585)	4,031	(69)	(115)	(692)	310	(420)
Effect of foreign exchange rate changes on cash and cash equivalents	(71)	5	(22)	(71)	1	(21)	—	4	(1)
Increase (decrease) in cash and cash equivalents ...	(211)	(148)	98	(201)	(213)	74	(10)	65	24
Cash and cash equivalents, beginning of year	677	825	727	588	801	727	89	24	—
Cash and cash equivalents, end of year	\$ 466	\$ 677	\$ 825	\$ 387	\$ 588	\$ 801	\$ 79	\$ 89	\$ 24

The accompanying notes to financial statements are an integral part of these Statements of Cash Flows. Reference is made to Note 2 for definitions of “Equipment Operations” and “Financial Services.”

CNH GLOBAL N.V.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(in millions of U.S. dollars)

	Common Shares	Paid-in Capital	Unearned Compensation	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income
Balance, December 31, 1996	\$88	\$1,637	\$—	\$(298)	\$ (53)	\$1,374	
Comprehensive income:							
Net income	—	—	—	388	—	388	\$388
Translation adjustment	—	—	—	—	(82)	(82)	(82)
Pension liability adjustment	—	—	—	—	23	23	<u>23</u>
Total							<u>\$329</u>
Dividends declared	—	—	—	(82)	—	(82)	
Balance, December 31, 1997	\$88	\$1,637	—	8	(112)	1,621	
Comprehensive income:							
Net income	—	—	—	258	—	258	\$258
Translation adjustment	—	—	—	—	9	9	9
Pension liability adjustment	—	—	—	—	(22)	(22)	<u>(22)</u>
Total							<u>\$245</u>
Dividends declared	—	—	—	(82)	—	(82)	
Balance, December 31, 1998	\$88	\$1,637	—	184	(125)	1,784	
Comprehensive income:							
Net income	—	—	—	148	—	148	\$148
Translation adjustment	—	—	—	—	(162)	(162)	(162)
Pension liability adjustment	—	—	—	—	22	22	<u>22</u>
Total							<u>\$ 8</u>
Dividends declared	—	—	—	(82)	—	(82)	
Issuance of restricted shares	—	8	(8)	—	—	—	
Balance, December 31, 1999	\$88	\$1,645	\$(8)	\$ 250	\$(265)	\$1,710	

The accompanying notes to financial statements are an integral part of these
Statements of Changes in Shareholders' Equity

CNH GLOBAL N.V.
NOTES TO FINANCIAL STATEMENTS

Note 1: Nature of Operations

CNH Global N.V. (“CNH,” and formerly New Holland N.V.), is incorporated in The Netherlands under Dutch law. CNH’s equipment operations manufacture, market and distribute a full line of agricultural and construction equipment on a worldwide basis. CNH’s financial services business offers a broad array of financial services products, including retail financing for the purchase or lease of new and used CNH and other manufacturers’ products and other retail financing programs. To facilitate the sale of its products, CNH offers wholesale financing to dealers and equipment rental yards.

On November 12, 1999 (“the merger date”), New Holland N.V. (“New Holland”) acquired Case Corporation (“Case”) by merging a wholly owned subsidiary of New Holland with and into Case (“the merger”). As a result of the merger Case, as the surviving company, became a wholly owned subsidiary of New Holland. Effective with the closing of the merger, New Holland changed its name to CNH Global N.V. Reference is made to Note 3, “Acquisitions of Businesses and Investments,” for further information regarding the acquisition of Case.

CNH is controlled by New Holland Holdings N.V., a wholly owned subsidiary of Fiat S.p.A. (“Fiat”), a company organized under the laws of Italy, which owned approximately 71.1% of the outstanding shares of CNH at December 31, 1999.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements present the operating results, financial position and cash flows of CNH as of and for the year ended December 31, 1999. The comparability of CNH’s financial position at December 31, 1999, with the prior year is affected by the inclusion of the fair value of the Case assets acquired and liabilities assumed. The comparability of CNH’s operating results for the year ended December 31, 1999, with the respective prior year data, is significantly affected by (1) the year-end 1998 acquisition of O&K Orenstein & Koppel Aktiengesellschaft (“O&K”); (2) the inclusion of Case’s results of operations from the merger date; (3) the impact of incremental financing and other costs related to the merger; (4) the amortization of fair value adjustments to the Case assets acquired and liabilities assumed; and (5) the amortization of goodwill. Reference is made to Note 3, “Acquisitions of Businesses and Investments” for further information regarding the acquisitions of Case and O&K.

Principles of Consolidation and Presentation

The annual consolidated financial statements of New Holland were historically prepared in accordance with International Accounting Standards or IAS. CNH has prepared the accompanying consolidated financial statements in accordance with generally accepted accounting principles in the United States or U.S. GAAP, and certain reclassifications have been made to conform the historical financial statements to the CNH presentation. The accompanying financial statements reflect the historical operating results of CNH, including the results of operations of Case since the merger date. CNH has prepared its consolidated financial statements in U.S. dollars and, unless otherwise indicated, all financial data set forth in these financial statements is expressed in U.S. dollars. The financial statements include the accounts of CNH’s majority-owned subsidiaries, except where control is expected to be temporary, and reflect the interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. The financial statements reflect the consolidated results of CNH and also include, on a separate and supplemental basis, the consolidation of CNH’s equipment operations and financial services operations 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

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NOTES TO FINANCIAL STATEMENTS — (continued)

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 Statements of Income, and in "Investment in Financial Services" in the accompanying Balance Sheets.

Financial Services – The financial information captioned "Financial Services" reflects the consolidation of CNH's credit operations.

All significant intercompany transactions, including activity within and between "Equipment Operations" and "Financial Services," have been eliminated in deriving the consolidated financial data.

Investments in unconsolidated subsidiaries and affiliates that are at least 20% owned, or where CNH exercises significant influence, are accounted for using the equity method. 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 profits or losses, and decreased by amortization of any related goodwill. Dividends received from these entities reduce the carrying value of the investments. Investments wherein CNH owns less than 20% and where CNH does not exercise significant influence are stated at lower of cost or net realizable value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition

Sales to dealers are recorded at the time of shipment to those dealers. In accordance with standard dealer terms, all shipments are final and irrevocable, with the risks and rewards of ownership passing to the dealer at the time of shipment. CNH grants certain sales incentives to stimulate sales of CNH products to retail customers. The expense for such incentive programs is recorded as a deduction in arriving at net sales at the time of sale to the dealer.

To facilitate the sale of its products, CNH offers wholesale financing to its dealers. Under terms of most dealer agreements, wholesale notes receivable are generally interest free for periods ranging from three to twelve months, after which interest is based on market rates. During these interest-free periods, CNH bears the cost of financing, and such costs are provided for at the time of sale.

Financial Services records earned finance charges (interest income) on retail and other notes receivables and finance leases using the simple interest method.

Modification Programs and Warranty Costs

The costs of major programs to modify products in the customer's possession are accrued when these costs can be identified and quantified. Normal warranty costs are recorded at the time of sale.

Advertising

CNH expenses advertising costs as incurred. Advertising expense totaled \$51 million, \$48 million and \$46 million, for the years ended December 31, 1999, 1998 and 1997, respectively.

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NOTES TO FINANCIAL STATEMENTS — (continued)

Research and Development

Research and development costs are expensed as incurred.

Software Developed for Internal Use

CNH defines internal-use software as software acquired or internally developed or modified solely to meet the internal needs of CNH. Internal and external costs incurred during the preliminary project stage are expensed as incurred. Capitalization of such costs begins upon completion of the preliminary project stage and upon management's authorization and commitment to fund the software project, and capitalization ceases at the point at which the computer software project is substantially complete and the software is ready for its intended use. Internal and external costs for data conversion, training and maintenance are expensed as incurred, and overhead costs are not capitalized. The capitalized costs of software acquired or developed for internal use are amortized on a straight-line basis over the useful life of the software, generally not exceeding 5 years.

Foreign Currency Translation

CNH's non-U.S. subsidiaries and affiliates maintain their books and accounting records using local currency as the functional currency, except for those operating in hyperinflationary economies. Assets and liabilities of 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 Balance Sheets. Income and expense accounts of non-U.S. subsidiaries are translated at the average exchange rates for the period, and gains and losses from foreign currency transactions are included in net income in the period during which they arise. The U.S. dollar is used as the functional currency for subsidiaries and affiliates operating in highly inflationary economies for which both translation adjustments and gains and losses on foreign currency transactions are included in the determination of net income in the period during which they arise.

As a result of changes in Brazil's three-year inflation index, CNH ceased applying highly inflationary accounting for its Brazilian operations effective January 1, 1998. Through 1997, CNH reported its Brazilian operations as highly inflationary, and adjustments resulting from the translation of Brazil's pre-1998 financial statements are reflected in the accompanying Statements of Income.

The Brazilian Real was significantly devalued against the U.S. dollar during the first quarter of 1999. As a result of its unhedged foreign exchange exposure in its Brazilian companies, CNH recorded a net exchange loss of approximately \$15 million. Also in the first quarter of 1999, CNH reorganized its corporate activities for tax and treasury planning purposes and transferred U.S. dollar deposits to a foreign subsidiary with Euro functional currency. As a result of the translation of the monetary asset described above during this period, an exchange gain of approximately \$30 million was recognized. The aforementioned net foreign exchange gains and losses are reflected in "Other, net" in the accompanying Statements of Income.

Accounting Pronouncements

Effective January 1, 1999, CNH adopted Statement of Position ("SOP") No. 98-5, "Reporting on the Costs of Start-Up Activities." This statement requires costs of start-up activities and organizational costs to be expensed as incurred. CNH's accounting for the costs of start-up activities is consistent with the guidelines established in the SOP and, as a result, the adoption of this statement had no effect on CNH's financial position or results of operations.

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This

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NOTES TO FINANCIAL STATEMENTS — (continued)

statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The required adoption of this statement was extended to January 1, 2001, by SFAS No. 137, “Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133 – an Amendment of FASB Statement No. 133,” although earlier application is permitted. CNH is evaluating the impact of adopting SFAS No. 133.

Cash and Cash Equivalents

Cash equivalents are comprised of all highly liquid investments with an original maturity of three months or less. Cash equivalents also include amounts deposited with affiliates, principally Fiat and its affiliates, which are repayable to CNH upon one day’s notice. The carrying value of cash equivalents approximates fair value because of the short maturity of these investments.

Receivables

Receivables are recorded at face value, net of allowances for doubtful accounts.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the cost of raw materials, other direct costs and production overheads. Net realizable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling. Provision is made for obsolete and slow-moving inventories.

Equipment on Operating Leases

Financial Services purchases equipment that is leased to retail customers under operating leases from dealers. Income from operating leases is recognized over the term of the lease. Financial Services’ investment in operating leases is based on estimated residual values of the leased equipment, which are calculated at the lease inception date. Realization of the residual values is dependent on Financial Services’ future ability to market the equipment under the then prevailing market conditions. Although realization is not assured, management believes that it is more likely than not that the estimated residual values will be realized. Each of these assets is depreciated on a straight-line basis over a period of time consistent with the term of the lease. Expenditures for maintenance and repairs are the responsibility of the lessee.

Goodwill and Intangibles

Goodwill represents the excess of the purchase price paid plus the liabilities assumed over the fair value of the tangible and identifiable intangible assets purchased. Goodwill is amortized on a straight-line basis over 10 to 30 years. Goodwill relating to acquisitions of unconsolidated subsidiaries and affiliates is included in “Investments in unconsolidated subsidiaries and affiliates” in the accompanying Balance Sheets, and the related amortization is charged to “Equity in income of unconsolidated subsidiaries and affiliates” in the accompanying Statements of Income. CNH continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. When factors indicate that goodwill should be evaluated for possible impairment, CNH uses an estimate of the undiscounted cash flows over the remaining life of the goodwill in measuring whether the goodwill is recoverable.

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NOTES TO FINANCIAL STATEMENTS — (continued)

At December 31, 1999 and 1998, goodwill totaled \$2,723 million and \$321 million, respectively, while accumulated amortization of goodwill was \$109 million and \$89 million at those respective dates. Amortization expense totaled \$20 million, \$10 million and \$8 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Negative goodwill represents the excess of the fair value of the tangible and identifiable intangible assets purchased, with the fair value of non-current assets having been reduced to zero, over the purchase price paid plus liabilities assumed. Negative goodwill is being amortized on a straight-line basis over approximately 3 years. At December 31, 1999 and 1998, negative goodwill, net of accumulated amortization, totaled \$72 million and \$87 million, respectively.

Intangibles consist primarily of acquired dealer network, trademarks, product drawings and patents, and are being amortized on a straight-line basis over 5 to 30 years. At December 31, 1999 and 1998, intangibles, net of accumulated amortization, totaled \$881 million and \$18 million, respectively. Amortization expense totaled \$6 million for the year ended December 31, 1999, and totaled \$7 million for each of the years ended December 31, 1998 and 1997.

Reference is made to Note 3, "Acquisitions of Businesses and Investments," for further information regarding goodwill and intangibles.

Property, Plant and Equipment

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

Buildings and improvements	8 – 40 years
Plant and machinery	4 – 16 years
Other equipment	3 – 12 years

CNH capitalizes interest costs as part of the cost of constructing certain facilities and equipment. CNH capitalizes interest costs only during the period of time required to complete and prepare the facility or equipment for its intended use. The amount of interest capitalized in 1999, 1998 and 1997 is not significant in relation to the consolidated financial results.

Income Taxes

CNH follows an asset and liability approach for financial accounting and reporting for income taxes. CNH recognizes a current tax liability or asset for the estimated taxes payable or refundable on tax returns for the current year. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards. The measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are more likely than not expected to be realized.

Retirement Programs

CNH operates numerous defined benefit and defined contribution pension plans, the assets of which are held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and CNH. The cost of providing pension and other postretirement benefits is based upon actuarial

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

valuations and is charged to income during the period of the employees' service. The liability for termination indemnities is accrued in accordance with labor legislation in each country where such benefits are required.

Derivatives

CNH utilizes derivative financial instruments, including interest rate swaps, interest rate caps, treasury rate locks and foreign exchange contracts to manage its exposure to interest rate and foreign currency exchange rate risks. CNH does not hold or issue financial instruments for trading purposes.

Net interest to be paid or received under interest rate hedges is accrued and recognized as an adjustment to interest expense. The costs of interest rate hedges, as well as gains or losses on terminated interest rate swap and cap agreements, are deferred and charged to interest expense over the shorter term of the remaining contractual life of the agreement or the remaining term of the underlying debt.

Foreign exchange contracts, which effectively meet risk reduction and correlation criteria, are accounted for using hedge accounting. Under this method, gains and losses are recognized in income and offset the foreign exchange gains and losses on the related transactions. Contracts that do not meet the risk reduction and correlation criteria are recorded at fair value with the unrealized gain or loss included in "Other, net" in the accompanying Statements of Income. If a foreign exchange contract hedging a net investment in a foreign subsidiary is terminated, the gain or loss is recognized in other comprehensive income, net of tax, consistent with the accounting treatment of the hedged item. If a transactional hedge is terminated, the gain or loss is recognized in income.

Reference is made to Note 14, "Financial Instruments," for further information regarding CNH's use of derivative financial instruments.

Restructuring

CNH records restructuring liabilities at the time management approves and commits CNH to a restructuring plan that identifies all significant actions to be taken and the expected completion date of the plan. The restructuring liability includes those restructuring costs that (1) can be reasonably estimated, (2) are not associated with or do not benefit activities that will be continued, and (3) are not associated with or are not incurred to generate revenues after the plan's commitment date. Restructuring costs are incurred as a direct result of the plan and (1) are incremental to other costs incurred by CNH in the conduct of its activities prior to the commitment date, or (2) existed prior to the commitment date under a contractual obligation that will either continue after the exit plan is completed with no economic benefit to the enterprise or reflect a penalty to cancel a contractual obligation. Reference is made to Note 4, "Restructuring," for further information regarding CNH's restructuring programs.

Note 3: Acquisitions of Businesses and Investments

Case

On November 12, 1999, New Holland acquired Case for \$4.6 billion in cash, including related costs and expenses, pursuant to an agreement and plan of merger dated as of May 15, 1999, by and among Case, New Holland, the merging subsidiary and Fiat. As a result of the merger Case, as the surviving company, became a wholly owned subsidiary of New Holland. Effective with the closing of the merger, New Holland changed its name to CNH. CNH financed the merger with total borrowings of \$3.0 billion under short-term credit facilities, an advance to capital of \$1.4 billion from New Holland Holdings N.V. and available cash of \$200 million. Reference is made to Note 11, "Principal Shareholder's Advance to Capital."

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NOTES TO FINANCIAL STATEMENTS — (continued)

The merger was accounted for as a purchase and, accordingly, the accompanying consolidated financial statements include the results of operations of Case as of the merger date. Case engages in two types of operations. Case's equipment operations manufacture, market and distribute a full line of agricultural equipment and light- to medium-sized construction equipment on a worldwide basis. Case's financial services business provides financing for retail installment sales contracts and leases, commercial lending within the equipment industry, multiple lines of insurance products and offers a private-label credit card.

The total purchase price of \$4.6 billion was allocated to the assets and liabilities of Case based upon their respective fair values, including identifiable intangibles consisting of acquired trademarks, dealer networks and product engineering drawings, with the remainder allocated to goodwill. The purchase price paid plus the liabilities assumed exceeded the fair value of the tangible and identifiable intangible assets purchased by \$2,400 million, on a preliminary basis. The goodwill associated with Case's equipment operations of \$2,271 million and Case's financial services business of \$129 million is being amortized on a straight-line basis over 30 and 20 years, respectively. The fair value adjustments to Case's historical balance sheet were as follows (in millions):

	<u>Purchase Price Allocation</u>
Net assets at historical cost*	\$2,057
Fair value adjustments:	
Identifiable intangibles	817
Property, plant and equipment	222
Inventory	40
Elimination of historical goodwill	(292)
Deferred income taxes	(241)
Pension and postretirement	(180)
Restructuring liability related to the Case business	(90)
Accounts and notes receivable	(29)
Other, net	<u>(104)</u>
	2,200
Goodwill	<u>2,400</u>
Total	<u><u>\$4,600</u></u>

* Includes liabilities assumed of \$6,622 million.

As CNH finalizes its merger-related restructuring plans during 2000, CNH anticipates that significant additional adjustments will be made to goodwill as additional liabilities are recorded for the restructuring of Case's operations.

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NOTES TO FINANCIAL STATEMENTS — (continued)

CNH GLOBAL N.V.
Pro Forma Statements of Income
For the Years Ended December 31, 1999 and 1998
(in millions of U.S. dollars, except per share data)
(unaudited)

CNH has prepared the following unaudited pro forma income statements to illustrate the estimated effects of the acquisition of Case by New Holland as if this transaction had occurred as of the beginning of each of the periods presented. The pro forma data reflects the impact of the fair market value adjustments to the Case assets and liabilities acquired, as well as incremental interest expense related to the merger financing. These adjustments are being amortized over the periods estimated to be benefited and primarily include additional depreciation of fixed assets and the amortization of the fair value adjustments for acquired receivables and inventories, identifiable intangibles and goodwill.

	Consolidated	
	1999	1998
Revenues		
Net sales	\$ 9,929	\$11,212
Finance and interest income	744	648
Total	<u>10,673</u>	<u>11,860</u>
Costs and Expenses		
Cost of goods sold	8,320	9,088
Selling, general and administrative	1,315	1,242
Research, development and engineering	357	376
Restructuring charge	19	172
Interest expense	794	718
Other, net	150	183
Total	<u>10,955</u>	<u>11,779</u>
Equity in income of unconsolidated subsidiaries and affiliates:		
Equipment Operations	1	9
Income (loss) before taxes and minority interest	(281)	90
Income tax provision (benefit)	(97)	44
Minority interest	4	5
Net income (loss)	<u>\$ (188)</u>	<u>\$ 41</u>
Earnings per share:		
Basic	<u>\$ (1.26)</u>	<u>\$ 0.28</u>
Diluted	<u>\$ (1.26)</u>	<u>\$ 0.28</u>

CNH has presented this unaudited pro forma financial data for illustrative purposes only. This pro forma data is based on an allocation of the purchase price and is not necessarily indicative of (1) the results of operations that would have occurred had the transaction been effective as of the beginning of each of the years presented, or (2) the results of operations that CNH will attain in the future. In addition, the pro forma financial data does not reflect any synergies or cost savings that may occur as a result of the merger.

The pro forma financial data does not include the impact of any regulatory divestitures as required by the European Commission or the U.S. Department of Justice pursuant to the merger. In approving the merger, a number of competitive concerns related to the combined operations of Case and New Holland in specified

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

product lines and markets were identified. These competitive concerns have been addressed and Case and New Holland have committed to a number of actions, including divestiture of the following product lines and facilities:

- Case's CX and MXC product lines and the Doncaster, United Kingdom, plant in which they are assembled;
- New Holland's Laverda combine harvester product line (excluding hillside models) and the Breganze, Italy, facility in which they are made;
- Case's large square balers assembled in Neustadt, Germany;
- Case's Fermecc brand loader/backhoe and industrial tractor product lines and the Fermecc manufacturing plant in Manchester, United Kingdom;
- Case's ownership interest in Hay & Forage Industries in Hesston, Kansas, a 50% joint venture with AGCO Corporation that produces hay and forage implements; and
- New Holland's Versatile four-wheel drive and Genesis two-wheel drive tractor lines, along with the Winnipeg, Canada, plant in which they are made.

In addition, to address specific market issues in Austria, the parties have agreed to license or build the Steyr model M-948 and M-958 (and equivalent Case IH models) for sale by a third party.

In the opinion of management, the impact of these divestiture actions is not material to the overall pro forma results of operations of CNH.

O&K

On December 22, 1998, CNH acquired 75.0001% of the outstanding shares of O&K, a German manufacturer of hydraulic excavators and other construction equipment, for a purchase price of \$15 million. The terms of the acquisition, which was accounted for using the purchase method of accounting, included certain contingent considerations, some of which were based on the audited net equity of O&K at December 31, 1998. Based on the initial purchase consideration, the acquisition of O&K resulted in an excess of the fair market value of the net assets acquired over the purchase cost of approximately \$87 million. The estimated fair market value of the assets acquired and liabilities assumed have been included in the accompanying Balance Sheets as of December 31, 1998. The results of operations of O&K have been included in the accompanying Statements of Income from January 1, 1999, as O&K's results of operations from the date of acquisition to December 31, 1998, were not significant.

The final determination of the net equity of O&K did not result in any significant adjustments to the purchase consideration. However, in December 1999, the excess of the net assets acquired was adjusted to reflect the reversal of \$26 million of the \$29 million restructuring reserves included in the initial purchase price allocation, as the finalization of the underlying restructuring plan was not achieved within one year from the date of the O&K acquisition. Reference is made to Note 4, "Restructuring," for further information regarding CNH's restructuring programs.

Effective August 15, 1999, CNH entered into a domination agreement in connection with its acquisition of O&K. This agreement allows CNH to freely run the affairs of O&K without legal restrictions from the minority shareholders. In order to effect the domination agreement, CNH agreed to make a minimum guaranteed dividend payment of DM 0.5 per share to the minority shareholders in each year in which the agreement remains effective. CNH also agreed to provide the minority shareholders protection against losses incurred by O&K during the effective period of the domination agreement. Concurrent with the agreement, CNH commenced a tender offer to acquire all of the outstanding shares not presently owned at a price of DM 31 per share. This price may be contested by any shareholder in the court of law and, if successful, CNH may be obliged to offer a higher price to all minority shareholders, including those who previously tendered

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

their shares at the lower price. As a result of the above, CNH increased its ownership interest in O&K to approximately 90% at December 31, 1999.

Other

On September 29, 1999, CNH's joint venture in China, Harbin New Holland Beidahuang Tractor Ltd., received its business license from Heilongjiang State Administration for Industry and Commerce of the People's Republic of China. The license grants the joint venture full permission to begin operations and conduct business in the People's Republic of China. New Holland owns approximately 70% of the joint venture.

On December 23, 1998, CNH acquired all the voting shares of its agricultural equipment distributor in Argentina, Inchcape Argentina S.A. (including its wholly owned subsidiary, Agrotecnia S.A., collectively "Inchcape"), at a cost of approximately \$11 million. The acquisition has been accounted for as a purchase and, accordingly, the assets and liabilities of Inchcape are included in the accompanying Balance Sheets as of December 31, 1998. The results of operations of Inchcape have been included in the accompanying Statements of Income from January 1, 1999, as Inchcape's results of operations from the date of acquisition to December 31, 1998, were not significant. The excess of the purchase price over the fair market value of the net assets acquired was approximately \$3 million.

On September 30, 1998, CNH acquired an additional 4% of the voting shares of Flexi-Coil Ltd., a Canadian manufacturing company, at a cost of approximately \$6 million. On September 30, 1997, CNH acquired an initial 35% interest in Flexi-Coil for approximately \$55 million. These investments were accounted for as purchases, and the allocation of the combined purchase price resulted in goodwill of approximately \$57 million. Also see Note 24, "Subsequent Events."

On July 29, 1998, CNH acquired approximately 91% of the voting shares of Bizon Sp.zo.o. ("Bizon"), a Polish manufacturer of combine harvesters, at a cost of approximately \$33 million. The acquisition was accounted for as a purchase, and the excess of the purchase price over the fair market value of the net assets acquired resulted in goodwill of approximately \$18 million. Bizon had sales of approximately \$38 million (unaudited) in 1998. In March 1999, CNH completed the acquisition of the remaining ownership interests in Bizon.

On June 22nd and July 2nd of 1998, CNH acquired 37.3% and 0.9%, respectively, of the shares in Al-Ghazi Tractors Limited, a tractor manufacturing joint venture operation in Pakistan, at a total cost of approximately \$12 million. The acquisition was accounted for as a purchase, and the excess of the purchase price over the fair market value of the net assets acquired resulted in goodwill of approximately \$6 million.

On June 4, 1998, CNH increased its stake in Türk Traktor Ve Ziraat Makineleri A.S. ("Türk Traktor"), CNH's manufacturing joint venture with the Koc Group in Turkey, from 25.0% to 37.5%. CNH also acquired 37.5% of Trakmak Traktor Ve Ziraat Makineleri Ticaret A.S. ("Trakmak Tractor"), a leading Turkish distributor of agricultural equipment. The combined cost of these investments was approximately \$51 million. These acquisitions were accounted for using the purchase method of accounting and, accordingly, the excess of the purchase price over the estimated fair market value of the net assets acquired resulted in goodwill of approximately \$24 million.

Note 4: Restructuring

1998 Restructuring Activity

In 1998, CNH reviewed its manufacturing, selling and administrative processes in an effort to strengthen its competitive position and to better align its operations in response to current economic and market

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

conditions. As a result, CNH announced a pretax restructuring charge of \$40 million for severance and other costs related to headcount reductions. CNH refers to these actions as the 1998 restructuring program.

The 1998 restructuring program included termination costs to eliminate approximately 420 salaried and 600 hourly positions. These termination payments included the cost of severance and contractual benefits in accordance with collective bargaining agreements and CNH policy, and also included costs for outplacement services, medical and supplemental vacation and retirement payments.

In connection with the 1998 acquisition of O&K, CNH recorded additional restructuring reserves of approximately \$29 million for employee and dealer termination costs. These costs were recorded in conjunction with the allocation of the initial O&K purchase price.

1999 Restructuring Activity

In conjunction with the merger, CNH's management is in the process of assessing and formulating a plan to integrate the operations of the Case and New Holland businesses. CNH refers to these adjustments as the 1999 restructuring program.

As part of its merger integration, CNH is evaluating the divestiture or closure of approximately 20% of its manufacturing locations, as well as the closure of approximately one-third of its 45 parts depots. Through the consolidation of all functional areas, including the impact of divestiture actions required by the European and U.S. regulatory agencies pursuant to the merger, CNH expects to reduce its worldwide workforce by approximately 20%, or 7,000 people, by 2002. The 1999 restructuring program takes into consideration duplicate capacity and other synergies including purchasing and supply chain management, research and development and selling, general and administrative functions.

As of December 31, 1999, CNH had recorded \$90 million in merger-related restructuring reserves for severance and other costs associated with identified headcount reductions as part of CNH's initial plan to integrate the Case operations. These costs were recorded in conjunction with the allocation of the initial Case purchase price.

The \$90 million merger-related restructuring reserve was determined based on formal plans approved by CNH's management using the best information available at the time. The amounts that CNH may ultimately incur may change as the balance of CNH's merger-related initiatives to integrate the Case and New Holland businesses are executed. As management completes and commits to additional activities of the plan, CNH anticipates that it will record additional restructuring reserves as an adjustment to goodwill for identified actions relative to the Case business. CNH has also announced that it will incur restructuring charges, beginning in 2000, to exit certain other activities and to further restructure CNH operations related to the New Holland business.

In 1999, CNH also recorded additional restructuring charges of \$19 million related to the remaining headcount actions contemplated under the 1998 restructuring program. These charges primarily represent severance and other related costs for the elimination of approximately 340 of the remaining salaried positions under the original plan.

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NOTES TO FINANCIAL STATEMENTS — (continued)

The following table sets forth the CNH restructuring activities for the years ended December 31, 1998 and 1999 (in millions):

	1998 Activities				Balance at December 31, 1998
	Balance at December 31, 1997	Additions	Reserves Utilized*	Changes in Estimates	
Severance and other employee-related costs	\$18	\$67	\$(14)	\$—	\$71
Costs related to closing/selling/downsizing existing facilities	<u>—</u>	<u>2</u>	<u>(2)</u>	<u>—</u>	<u>—</u>
Total restructuring	<u>\$18</u>	<u>\$69</u>	<u>\$(16)</u>	<u>\$—</u>	<u>\$71</u>

	1999 Activities				Balance at December 31, 1999
	Balance at December 31, 1998	Additions	Reserves Utilized*	Changes in Estimates	
Severance and other employee-related costs	\$71	\$ 19	\$(52)	\$(26)	\$ 12
Case purchase accounting reserves	<u>—</u>	<u>90</u>	<u>—</u>	<u>—</u>	<u>90</u>
Total restructuring	<u>\$71</u>	<u>\$109</u>	<u>\$(52)</u>	<u>\$(26)</u>	<u>\$102</u>

* Includes currency translation.

In 1999, CNH expended \$52 million for severance costs as contemplated under its restructuring programs. In 1999, CNH reversed \$26 million of purchase accounting reserves as CNH was unable to complete the required actions within one year of the O&K acquisition. The reversal of the \$26 million restructuring reserve was recorded against the initial O&K purchase accounting goodwill.

The \$90 million for severance and other employee-related costs established as part of the merger primarily includes the cash severance costs to reduce approximately 1,650 Case personnel in conjunction with CNH's integration activities. These termination payments include the cost of severance and contractual benefits in accordance with collective bargaining arrangements and CNH policy, and also include costs for outplacement services, medical, supplemental unemployment and supplemental vacation and retirement payments. As of February 29, 2000, CNH had terminated approximately 350 people related to this action.

The specific restructuring measures and associated estimated costs were based on management's best business judgment under prevailing circumstances. Management believes that the restructuring reserve balance of \$102 million at December 31, 1999, is adequate to carry out the restructuring activities as outlined above, and CNH anticipates that all actions will be completed by December 31, 2000. As prescribed under U.S. GAAP, if future events warrant changes to the reserve, such adjustments will be reflected in the applicable statements of income as "Restructuring charges," or in the applicable balance sheets as an adjustment to goodwill, as appropriate. CNH expects to fund the cash requirements of its restructuring activities with cash flows from operations and additional borrowings under CNH's existing credit facilities.

CNH GLOBAL N.V.
NOTES TO FINANCIAL STATEMENTS — (continued)

Note 5: Inventory

Inventories consist of the following (in millions):

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
Raw materials.....	\$ 350	\$ 227
Work-in-process	332	286
Finished goods	<u>1,740</u>	<u>999</u>
Total inventories	<u>\$ 2,422</u>	<u>\$ 1,512</u>

Note 6: Property, Plant and Equipment

A summary of property, plant and equipment is as follows (in millions):

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
Land, buildings and improvements	\$ 800	\$ 469
Plant and machinery	1,471	885
Other equipment	615	599
Construction in progress	<u>199</u>	<u>37</u>
	3,085	1,990
Accumulated depreciation.....	<u>(1,210)</u>	<u>(1,266)</u>
Net property, plant and equipment	<u>\$ 1,875</u>	<u>\$ 724</u>

Depreciation expense totaled \$141 million, \$113 million and \$107 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Note 7: Equipment on Operating Leases

A summary of equipment on operating leases is as follows (in millions):

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
Equipment on operating leases	\$ 577	\$ 21
Accumulated depreciation.....	<u>(20)</u>	<u>(2)</u>
Net equipment on operating leases	<u>\$ 557</u>	<u>\$ 19</u>

Depreciation expense totaled \$18 million and \$2 million for the years ended December 31, 1999 and 1998, respectively. CNH did not have an operating lease program in 1997.

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

Lease payments owed to CNH for equipment under non-cancelable operating leases as of December 31, 1999, are as follows (in millions):

	Amount
2000	\$ 93
2001	55
2002	27
2003	13
2004	3
2005 and thereafter	—
Total	\$191

Note 8: Investments in Unconsolidated Subsidiaries and Affiliates

	December 31,	
	1999	1998
	(in millions)	
Investments using:		
Equity method	\$324	\$213
Cost method	4	2
Total	\$328	\$215

At December 31, 1999, investments accounted for using the equity method primarily include the following non-controlling interests:

- 39% in Flexi-Coil;
- 50% in New Holland de México S.A. de C.V.;
- 37.5% in each of Türk Traktor and Trakmak Traktor;
- 50% in New Holland HFT Japan Inc.;
- 43.2% in Al-Ghazi Tractors Ltd.;
- 6.8% in ELASIS Societa Consortile per Azioni;
- 49% in New Holland Finance Ltd.;
- 50% in Hay & Forage Industries *;
- 50% in Consolidated Diesel Company;
- 50% in L&T-Case Equipment Ltd.;
- 50% in LBX Company LLC; and
- 50% in Case Credit Europe S.A.S.

* To be divested pursuant to the merger to comply with European and U.S. regulatory authorities.

In addition, CNH has various ownership interests in dealer development companies. Dealer development companies are legal entities in North America through which approved dealer candidates purchase a CNH dealership over a fixed period of years.

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

On January 4, 2000, CNH completed the acquisition of the remaining 61% ownership interest in Flexi-Coil. Reference is made to Note 24, "Subsequent Events," for further information regarding the Flexi-Coil acquisition.

The carrying costs of these investments are included in "Investments in unconsolidated subsidiaries and affiliates" in the accompanying Balance Sheets and include goodwill of approximately \$70 million and \$75 million at December 31, 1999 and 1998, respectively.

Note 9: Short-Term Debt

CNH has various lines of credit and liquidity facilities that include borrowings under both committed credit facilities and uncommitted lines of credit. CNH also has the ability to issue commercial paper in the United States, Canada, Europe and Australia. Under the terms of CNH's commercial paper programs, the principal amount of the commercial paper outstanding, combined with the amounts outstanding under the committed credit facilities, cannot exceed the total amount available under the committed credit facilities.

CNH has historically obtained, and may continue to obtain, a significant portion of its external financing from Fiat, on terms that CNH believes are at least as favorable as those available from unaffiliated third parties. CNH pays a guarantee fee of 0.0625% per annum on the average amount outstanding under facilities guaranteed by Fiat. Fiat has stated that it intends to continue the guarantee for as long as it maintains control of CNH and, in any event, until December 31, 2003. Fiat has committed that it will not terminate these facilities after this period expires without first giving CNH a reasonable period to secure alternative financing.

The following credit facilities were available to CNH at December 31, 1999:

- \$2.3 billion in revolving credit facilities that expire in August 2001;
- a \$1.0 billion revolving credit facility with an affiliate of Fiat, expiring in October 2001;
- a \$500 million revolving credit facility, guaranteed by an affiliate of Fiat, that expires December 31, 2001;
- a total of \$828 million in committed lines of credit expiring between 2000 and 2003;
- a total of \$1,105 million in committed lines of credit expiring between 2000 and 2004, and guaranteed by an affiliate of Fiat;
- a 364-day, \$750 million U.S. asset-backed commercial paper liquidity facility that expires in August 2000; and
- a total of \$1.7 billion in uncommitted credit facilities, including \$759 million that are guaranteed by an affiliate of Fiat.

At December 31, 1999, CNH had approximately \$5.5 billion available under its total lines of credit. In addition to these credit facilities, CNH also had at December 31, 1999, (1) a 364-day, \$2.4 billion term loan facility, and (2) a 364-day, \$600 million term loan, with an affiliate of Fiat. These facilities, which were established in October 1999 in conjunction with the financing of the Case acquisition, were fully utilized at December 31, 1999.

Certain of CNH's short-term credit facilities are also available to other members of the Fiat Group, and borrowings by them against these lines of credit reduce the amount available to CNH.

CNH GLOBAL N.V.
NOTES TO FINANCIAL STATEMENTS — (continued)

A summary of short-term debt is as follows (in millions):

	December 31,	
	1999	1998
<i>Equipment Operations</i>		
Credit agreements*	\$2,644	\$ 185
Commercial paper	316	—
Affiliated short-term debt	861	214
Short-term debt payable to Financial Services	58	154
Total short-term debt – Equipment Operations	3,879	553
<i>Financial Services</i>		
Credit agreements*	134	606
Commercial paper	459	335
Commercial paper liquidity facility	184	—
Affiliated short-term debt	355	342
Short-term debt payable to Equipment Operations	28	351
Total short-term debt – Financial Services	1,160	1,634
Less intracompany short-term debt	(86)	(505)
Total short-term debt	\$4,953	\$1,682

* The credit agreements for both Equipment Operations and Financial Services include borrowings under both committed credit facilities and uncommitted lines of credit and similar arrangements.

The weighted-average interest rates on consolidated short-term debt at December 31, 1999 and 1998, were 6.37% and 5.69%, respectively. At December 31, 1999, the unused portion of the committed credit facilities was \$3,679 million, and the unused portion of the asset-backed commercial paper liquidity facility was \$586 million. At December 31, 1998, the unused portion of the committed credit facilities was \$685 million.

At the option of CNH, borrowings under the nonaffiliated third party revolving credit facilities bear interest at: (1) prime rate; (2) LIBOR, plus an applicable margin; or (3) banker's bills of acceptance rates, plus an applicable margin. Borrowings may be obtained in U.S. dollars and certain other foreign currencies. Certain of CNH's revolving credit facilities contain restrictive covenants that require the maintenance of certain financial conditions, including a maximum debt to capitalization ratio and a minimum net worth, and also impose restrictions on certain indebtedness, liens on assets and ownership of certain subsidiaries. At December 31, 1999, CNH was in compliance with all debt covenants. The nonaffiliated third party credit facilities generally provide for facility fees on the total commitment, whether used or unused, and also provide for annual agency fees to the administrative agents for the facilities.

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

Note 10: Long-Term Debt

A summary of long-term debt is as follows (in millions):

	December 31,	
	1999	1998
<i>Equipment Operations</i>		
Notes:		
Payable in 2003, interest rate of 6.25%	\$ 289	\$ —
Payable in 2005, interest rate of 7.25%	297	—
Payable in 2016, interest rate of 7.25%	288	—
Affiliated long-term debt, interest rate of 5.12% and 6.12%	79	46
Long-term portion of borrowings under revolving credit facilities, average interest rate of 5.7%	55	—
Other debt	90	79
	1,098	125
Less-current maturities	(25)	(30)
Total long-term debt – Equipment Operations	1,073	95
<i>Financial Services</i>		
Notes:		
Payable in 2000, interest rate, of 6.90%, floating	100	—
Payable in 2001, interest rate of 6.125%	84	—
Payable in 2002, interest rate of 6.17% and 5.07%	82	82
Payable in 2003, interest rate of 6.125%	200	—
Payable in 2007, interest rate of 6.75%	150	—
Medium-term notes due 2001 – 2002, weighted-average interest rate of 5.98%	1,490	—
Long-term portion of borrowings under committed revolving credit facility, weighted-average interest rate of 6.25% and 5.52%	500	500
Long-term portion of borrowings under commercial paper programs, weighted-average interest rate of 5.87%	320	—
Affiliated long-term debt, interest rate of 5.67% and 5.96%	396	304
Intercompany debt with Equipment Operations, interest rate of 7.44%	14	—
Other debt	138	—
	3,474	886
Less – current maturities	(105)	(53)
Total long-term debt – Financial Services	3,369	833
Less long-term debt payable to Equipment Operations	(14)	—
Total long-term debt	\$4,428	\$928

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

A summary of the minimum annual repayments of long-term debt as of December 31, 1999, are as follows (in millions):

	<u>Amount</u>
2001	\$1,251
2002	609
2003	650
2004	44
2005 and thereafter	<u>1,874</u>
Total	<u><u>\$4,428</u></u>

CNH has entered into swap arrangements where interest and principal exposure on a privately placed Yen-denominated bond have been swapped into U.S. dollars, with an effective interest rate of 6.17% at December 31, 1999. The Yen-denominated bond equivalent of \$82 million was issued in October 1997 with a five-year maturity and is guaranteed by an affiliate of Fiat.

Affiliated long-term debt relates to the long-term portion of borrowings under the \$1.0 billion committed line of credit with Fiat that expires in October 2001.

Note 11: Principal Shareholder's Advance to Capital

On November 12, 1999, New Holland Holdings N.V., the majority shareholder of CNH, contributed \$1.4 billion to CNH in the form of an advance to capital to partially finance the merger of New Holland and Case. The terms of this advance to capital provide that New Holland Holdings will receive common shares of CNH in exchange for its advance at the earlier of (1) any public equity offering by CNH, or (2) June 30, 2000. If CNH conducts a public equity offering before June 30, 2000, then New Holland Holdings will receive that number of CNH common shares that it could have purchased with \$1.4 billion at the public offering price, less any underwriting discount. Otherwise, New Holland Holdings will receive that number of CNH common shares that it could have purchased with \$1.4 billion at a price determined by averaging the daily closing prices (after excluding the highest and lowest prices) of CNH common shares on the New York Stock Exchange during the 20 trading days immediately preceding June 30, 2000. CNH may pay a discretionary return to New Holland Holdings on its advance to capital at a maximum annual rate of 6.25% when, as and if declared by the Board of Directors of CNH.

Note 12: Shareholders' Equity and Stock-Based Compensation

As of December 31, 1999, CNH has 444,444,460 authorized common shares, of which 149,660,000 shares are issued and outstanding.

During the last three years, changes in CNH Common Shares issued were as follows:

	<u>For the Years Ended</u>		
	<u>December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
	<u>(shares issued, in thousands)</u>		
Issued as of beginning of year	149,000	149,000	149,000
Issuances of CNH Common Shares:			
CNH Equity Incentive Plan	660	—	—
Issued as of end of year	<u>149,660</u>	<u>149,000</u>	<u>149,000</u>

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

Dividends of \$0.55 per common share were paid in each year, and totaled \$82 million for each of the years ended December 31, 1999, 1998 and 1997.

Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income (loss) as of December 31, 1999 and 1998, are as follows (in millions):

	December 31,	
	1999	1998
Cumulative translation adjustment	\$(265)	\$(103)
Minimum pension liability adjustment	—	(22)
Total	\$(265)	\$(125)

CNH Outside Directors' Compensation Plan

In 1999, CNH established the CNH Global N.V. Outside Directors' Compensation Plan ("CNH Directors' Plan") that provides for (1) the payment of an annual retainer fee and committee chair fee (collectively, the "Annual Fees") to independent outside members of the Board in the form of common shares of CNH; (2) an annual grant of options to purchase common shares of CNH; (3) an opportunity to receive up to 50% of their Annual Fees in cash; and (4) an opportunity to convert all or a portion of their Annual Fees into stock options. There are one million common shares reserved for issuance under this plan.

CNH Equity Incentive Plan

In 1999, CNH established the CNH Equity Incentive Plan or CNH EIP that provides for grants of various types of awards to officers and employees of CNH and its subsidiaries. There are 28 million common shares reserved for issuance under this plan. Options granted under the CNH EIP have an exercise price that is no less than the fair market value of the common shares on the date of grant. Certain options vest ratably over three or four years from the award date, while certain performance-based options vest subject to the attainment of specified performance criteria. Such performance-based options vest no later than seven years from the award date. All options expire after ten years.

Under the CNH EIP, shares may also be granted as restricted shares. During 1999, CNH granted 660,000 restricted common shares under the CNH EIP. These shares were granted at no cost to the employees and the shares remain subject to restrictions for periods ranging from twelve months to seven years. Of the restricted shares granted, 330,000 vest ratably over three years from the award date, while the remaining 330,000 performance-based shares vest subject to the attainment of specified performance criteria. Such performance-based shares vest no later than seven years from the award date. The aggregate fair market value at the date of grant for these restricted shares was \$7.9 million.

Fiat Stock Option Program

CNH also participates in the stock option plan of Fiat ("Fiat Option Program"), whereby eligible employees of Fiat and its subsidiaries may be granted options to purchase up to 3,650,000 ordinary shares of Fiat. On March 30, 1999, the Board of Directors of Fiat approved the first granting of 1,248,000 stock options to purchase Fiat ordinary shares to eligible senior management of Fiat and its subsidiaries. Under the terms of this first phase of stock option issuance, referred to as *Options 1999*, eligible senior management of CNH received in the aggregate, a total of 116,200 options. Such options were granted at the price of Euro 28.45, which was the average official price on the Milan Stock Exchange during the twenty-day period preceding the

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

date of grant. The options vest 50% on April 1, 2001, and 100% on April 1, 2002, and expire March 31, 2007. The number of options granted and the share price above reflects a one-for-ten reverse stock split of Fiat ordinary shares that occurred in August 1999.

SFAS No. 123 Disclosure

CNH has retained the intrinsic value method of accounting for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and, as a result, no compensation expense for stock options was recognized. For disclosure purposes only under SFAS No. 123, "Accounting for Stock-Based Compensation," the Black Scholes pricing model was used to calculate the "fair value" of stock options. Based on this model, the weighted-average fair values of stock options awarded during 1999 were \$5.12, \$3.58 and \$11.76 per option for the CNH Directors' Plan, the CNH EIP and *Options 1999*, respectively. CNH's 1999 reported net income of \$148 million and basic and diluted earnings per share of \$0.99 and \$0.97, respectively, are the same as the pro forma net income and earnings per share calculations assuming the fair value of accounting for stock-based compensation as prescribed under SFAS No.123.

The weighted-average assumptions used under the Black Scholes pricing model were as follows:

	CNH Directors' Plan	CNH EIP	Fiat Option Program
Risk-free interest rate	6.3%	6.5%	6.4%
Dividend yield	4.0%	4.0%	2.0%
Stock price volatility	43.0%	43.0%	31.0%
Option life (years)	5.0	5.4	4.5

During 1999, changes in shares subject to issuance under stock options were as follows:

	CNH EIP Plan		CNH Directors' Plan		Fiat Option Program	
	Shares	Exercise Price	Shares	Exercise Price	Shares	Exercise Price
Outstanding at beginning of year	—	N/A	—	N/A	—	N/A
Granted	5,291,050	\$13.77	18,750	\$15.41	116,200	\$30.72
Forfeited	—	—	—	—	(13,000)	\$30.72
Outstanding at end of year	5,291,050	\$13.77	18,750	\$15.41	103,200	\$30.72
Exercisable at end of year	—	N/A	—	N/A	—	N/A

The remaining contractual life of the options issued pursuant to the CNH Directors' Plan and the CNH EIP is approximately ten years, while the remaining contractual life of the options issued pursuant to the Fiat Option Program is approximately seven years. As of December 31, 1999, there were 22,048,950 common shares and 981,250 common shares available for issuance under the CNH EIP and the CNH Directors' Plan, respectively.

CNH GLOBAL N.V.
NOTES TO FINANCIAL STATEMENTS — (continued)

Note 13: Accounts and Notes Receivable

A summary of long-term receivables is as follows (in millions):

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
Wholesale notes and accounts	\$ 2,574	\$ 1,196
Retail and other notes and finance leases	3,991	2,042
Bank deposits	84	115
Other	<u>721</u>	<u>291</u>
Total receivables	7,370	3,644
Less-Allowance for doubtful accounts	(197)	(128)
Less-Current portion	<u>(4,136)</u>	<u>(2,057)</u>
Total long-term receivables, net	<u>\$ 3,037</u>	<u>\$ 1,459</u>

Repayment of wholesale receivables is required in accordance with the standard terms of the wholesale receivable agreements, with repayment accelerated upon the sale of the underlying equipment by the dealer. Classification of wholesale receivables for financial statement presentation is based on interest-bearing dates. 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, 1999, CNH had \$357 million of retail notes that secure the asset-backed commercial paper liquidity facility related to the Case business acquired in November 1999.

Maturities of long-term receivables as of December 31, 1999, are estimated as follows (in millions):

	<u>Amount</u>
2001	\$1,189
2002	667
2003	463
2004	308
2005 and thereafter	<u>410</u>
Total long-term receivables, net	<u>\$3,037</u>

It has been CNH's experience that substantial portions of retail receivables are repaid before their contractual maturity dates. As a result, the above table is not to be regarded as a forecast of future cash collections.

Wholesale and retail notes receivable have significant concentrations of credit risk in the agricultural and construction business sectors. CNH typically retains, as collateral, a security interest in the equipment associated with wholesale and retail notes receivable.

Wholesale Receivables Securitizations

CNH has sold undivided interest in pools of U.S. and Canadian wholesale receivables under receivable purchase agreements pursuant to privately structured facilities. Maximum proceeds under these facilities are \$650 million for the U.S. securitization vehicle and C\$200 million for the Canadian securitization vehicle.

CNH also has, as a result of the merger, a fractional interest in certain wholesale receivables that were sold (with limited recourse), on a revolving basis pursuant to a privately structured facility. This facility

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

consists of a five-year committed, \$300 million non-renewable facility that expires in June 2002, and a 364-day, \$100 million facility that is renewable annually at the sole discretion of the purchasers.

CNH has established reserves for estimated losses under its wholesale receivable securitizations, and such losses are included in “Accounts and notes receivable” on the accompanying Balance Sheets. CNH maintains a security interest in the equipment financed by wholesale receivables such that in the event of non-performance by the dealer, CNH can repossess the related equipment to minimize losses.

Under these programs, CNH records a discount each time receivables are sold to the counterparties to the facilities. This discount, which reflects the difference between the current and future value of the receivables sold along with related transaction expenses, is computed at the then prevailing market rates as stated in the sale agreement.

Retail Receivables Securitizations

During 1999, CNH consummated its first sale of retail notes originated by New Holland Credit Company to a limited-purpose business trust in the United States. Receivables purchased by the trust were used as collateral for the issuance of asset-backed securities (asset-backed securitizations) to outside investors. As a result of the transaction, \$1.1 billion of retail notes were sold and CNH recorded a gain on the sale of approximately \$27 million, and such gain is recorded in “Finance and other income” in the accompanying Statements of Income.

During 1999, Case Capital Corporation, a wholly-owned subsidiary of Case, sold \$2.1 billion of retail notes (net of unearned finance charges) to limited-purpose business trusts in the United States and Canada. Receivables purchased by these trusts were used as collateral for the issuance of asset-backed securities to outside investors.

The trusts referred to above are controlled by third parties and meet minimum equity capitalization standards, and therefore, the assets of the trusts are not included in the financial statements of CNH. The proceeds received from the sales of retail notes are reduced by certain amounts pursuant to recourse provisions in the sale agreements. These reductions in cash proceeds are held in escrow by the trusts to provide security in the event of uncollectible notes and are released to CNH when the notes are collected. As of December 31, 1999, approximately \$176 million was held in escrow by these trusts, and such amounts are included in “Accounts and notes receivable” in the accompanying Balance Sheets. CNH has established reserves for estimated losses on amounts held in escrow that are also included in “Accounts and notes receivable” in the accompanying Balance Sheets. CNH maintains a security interest in the equipment financed by retail notes such that in the event of non-performance by the customer, CNH can repossess the related equipment to minimize losses.

Note 14: Financial Instruments

Fair Market Value of Financial Instruments

The estimated fair market values of financial instruments that do not approximate their carrying values in the financial statements are as follows (in millions):

	December 31,			
	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts and notes receivable	\$7,173	\$7,207	\$3,516	\$3,576
Long-term debt	\$4,428	\$4,360	\$ 928	\$ 929

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

The fair value of accounts and notes receivable was based on discounting the estimated future payments at prevailing market rates. The fair value of the interest only strip component of CNH's accounts and notes receivables was based on loss, prepayment and interest rate assumptions approximating those currently experienced by CNH. The fair value of fixed-rate, long-term debt was based on the market value of debt with similar maturities and interest rates; the carrying amount of floating-rate, long-term debt was assumed to approximate its fair value. The fair values and carrying values of CNH's foreign exchange forward contracts, currency options, interest rate swaps and treasury rate locks, were not significant.

Derivatives

CNH uses derivative financial instruments to manage its interest rate and foreign currency exposures. CNH does not hold or issue financial instruments for trading purposes. The notional amounts of these contracts do not represent amounts exchanged by the parties and, thus, are not a measure of CNH's risk. The net amounts exchanged are calculated on the basis of the notional amounts and other terms of the contracts, such as interest rates or exchange rates, and only represent a small portion of the notional amounts. The credit and market risk under these agreements is minimized through diversification among counterparties with high credit ratings.

Depending on the item being hedged, gains and losses on derivative financial instruments are either recognized in the results of operations as they accrue or are deferred until the hedged transaction occurs. 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. Accordingly, changes in the market value of the derivative are highly correlated with changes in the market value of the underlying hedged item at the inception of the hedge and over the life of the hedge contract.

Foreign Exchange Contracts

CNH enters into foreign exchange hedging contracts to hedge certain purchase commitments and loans made to foreign subsidiaries denominated in foreign currencies. The term of these contracts is generally one year or less. The purpose of CNH's foreign currency hedging activities is to protect CNH from the risk that the eventual cash flows resulting from loan repayments and inventory purchases will be adversely affected by changes in exchange rates.

The recognition of gains and losses on contracts entered into to hedge intercompany debt are deferred and included in net income as an adjustment to "Financial and interest income" on the date the forward contract matures. The recognition of gains or losses on contracts entered into to hedge purchase and sale commitments are included in net income as an adjustment to "Cost of goods sold" as foreign exchange rates change. Gains and losses resulting from the termination of foreign exchange contracts prior to maturity are also included in net income.

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

The following foreign currency exchange contracts were held by CNH to hedge certain currency exposures. All 1999 foreign currency contracts mature in 2000, with the exception of the swap contract described in Note 10, “Long-Term Debt,” which matures in 2002.

	December 31,			
	1999		1998	
	Currencies To Be		Currencies To Be	
	Received	Delivered	Received	Delivered
(in millions of stated currencies)				
U.S. Dollar	497	214	118	122
Euro	57	136	—	—
Canadian Dollar	168	144	—	—
Japanese Yen	11,000	—	10,000	—
Pound Sterling	6	84	—	7
Australian Dollar	—	90	—	10
Brazilian Real	—	234	—	142
Indian Rupee	—	82	—	—
Italian Lire	—	—	79,841	—
Belgian Franc	—	—	347	—

CNH also had, at December 31, 1999, purchased options with a notional value of \$26 million and sold options with a notional value of \$11 million.

Interest Rate Swaps and Forward Rate Agreements

CNH enters into interest rate swaps and forward rate agreements or FRAs, to stabilize funding costs by minimizing the effect of potential interest rate increases on floating-rate debt in a rising interest rate environment. Under these agreements, CNH contracts with a counterparty to exchange the difference between a fixed rate and a floating rate applied to the notional amount of the swap or FRA. Swap contracts are principally between one and four years in duration, and FRAs have starting dates within two months from the contract date and a maturity ranging from four to six months. The differentials to be paid or received on interest rate swap agreements and FRAs are accrued as interest rates change and are recognized in net income as an adjustment to interest expense.

Gains and losses resulting from terminated interest rate swap agreements and FRAs are deferred and recognized in net income over the shorter term of the remaining contractual life of the agreement or the remaining term of the debt underlying the agreement. If swap agreements or FRAs are terminated due to the underlying debt being extinguished in conjunction with an asset-backed securitization transaction or refinancing, any resulting gain or loss is recognized in net income as an adjustment to interest expense at the time of the termination.

The weighted-average pay and receive rates for the swaps outstanding at December 31, 1999, were 5.74% and 5.50%, respectively, at a notional amount of \$1,711 million. The weighted-average pay and receive rates for the swaps outstanding at December 31, 1998, were 5.89% and 5.36%, respectively, at a notional amount of \$1,296 million. At December 31, 1999, CNH had FRAs with a notional amount of \$1.1 billion with start dates in 2000, with a weighted-average fixed rate of 6.05%.

Back-to-Back Interest Rate Caps

The asset-backed commercial paper liquidity facility (the “Liquidity Facility”) requires CNH to have interest rate cap agreements in place. Due to the relatively high expense of obtaining such an instrument,

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NOTES TO FINANCIAL STATEMENTS — (continued)

CNH sells an identical cap, concurrent with the cap purchase, to the same counterparty. This effectively minimizes the overall expense to CNH, meets the requirements of the Liquidity Facility and eliminates any risk of financial loss on the purchased cap. The defined term of the cap is approximately 48 months.

Premiums paid for interest rate cap agreements purchased and sold are included in “Other assets” and “Other liabilities,” respectively, in the accompanying Balance Sheets, and are amortized to interest expense over the terms of the agreements. Amounts receivable or payable under cap agreements are recognized in net income as adjustments to interest expense over the term of the related debt. If interest rate cap agreements are terminated due to the underlying debt being extinguished, any resulting gain or loss is recognized in net income as an adjustment to “Finance and interest income” at the time of the termination.

At December 31, 1999, CNH had a back-to-back cap at a rate of 7.00%, at a notional amount of approximately \$307 million.

Treasury Rate Lock Agreements

A Treasury rate lock is a commitment to either purchase or sell the designated financial instrument at a future date (the determination date) for a specified price (the reference yield). The purpose of this instrument is to protect fixed-rate debt from fluctuations in the yield of the Treasury Note that forms the basis of pricing the debt. As of December 31, 1999, CNH had entered into \$200 million of Treasury rate locks based on one-, two- and three-year Treasury notes at a weighted-average yield of 6.11%.

Guarantees

At December 31, 1999, CNH had guaranteed payment and performance of approximately \$28 million, primarily related to affiliated debt, performance bonds and letters of credit.

Note 15: Income Taxes

The sources of income before taxes are as follows (in millions):

	For the Years Ended December 31,		
	1999	1998	1997
The Netherlands source	\$(22)	\$ 13	\$ 22
Foreign sources	229	400	609
Income before taxes	<u>\$207</u>	<u>\$413</u>	<u>\$631</u>

The provision for income taxes consisted of the following (in millions):

	For the Years Ended December 31,		
	1999	1998	1997
Current income taxes	\$10	\$105	\$167
Deferred income taxes	45	43	73
Total tax provision	<u>\$55</u>	<u>\$148</u>	<u>\$240</u>

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NOTES TO FINANCIAL STATEMENTS — (continued)

A reconciliation of CNH's statutory and effective income tax provision is as follows (in millions):

	For the Years Ended December 31,		
	1999	1998	1997
Tax provision at the Dutch statutory rate of 35%	\$ 72	\$144	\$221
Foreign income taxed at different rates	6	6	15
Effect of tax loss carryforwards	18	(9)	(7)
Change in valuation allowance	(16)	24	28
Dividend withholding taxes and credits	(3)	(6)	(4)
Other	(22)	(11)	(13)
Total tax provision	<u>\$ 55</u>	<u>\$148</u>	<u>\$240</u>

During 1999, 1998 and 1997, CNH generated income in certain jurisdictions that supported reductions in the valuation allowance and recognized losses in certain jurisdictions that supported increases in the valuation allowance.

The components of the net deferred tax asset are as follows (in millions):

	December 31,	
	1999	1998
Deferred tax assets:		
Marketing and selling incentives	\$ 204	\$ 120
Bad debt reserves	52	34
Postretirement and postemployment benefits	197	95
Inventories	86	53
Warranty reserves	102	50
Other reserves	207	81
Tax loss carryforwards	568	180
Other	99	28
Less: Valuation allowance	<u>(690)</u>	<u>(269)</u>
Total deferred tax assets	<u>825</u>	<u>372</u>
Deferred tax liabilities:		
Fixed assets basis difference/depreciation	262	57
Intangibles	279	—
Inventories	36	32
Other	195	58
Total deferred tax liabilities	<u>772</u>	<u>147</u>
Net deferred tax assets	<u>\$ 53</u>	<u>\$ 225</u>

The net deferred tax assets are reflected in the accompanying consolidated Balance Sheets as follows (in millions):

	December 31,	
	1999	1998
Current deferred tax asset	\$ 442	\$169
Long-term deferred tax asset	99	92
Current deferred tax liability	(3)	(4)
Long-term deferred tax liability	<u>(485)</u>	<u>(32)</u>
Net deferred tax asset	<u>\$ 53</u>	<u>\$225</u>

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NOTES TO FINANCIAL STATEMENTS — (continued)

CNH has net operating tax loss carryforwards in a number of foreign tax jurisdictions within its global operations. The net tax value of these carryforwards and the years in which they expire are as follows: \$7 million in 2000; \$6 million in 2001; \$7 million in 2002; \$11 million in 2003; \$4 million in 2004 and \$1 million in 2005. CNH also has net operating tax loss carryforwards of \$532 million with indefinite expiration dates. As a result of regulatory divestitures required by the relevant authorities pursuant to the merger, certain tax loss carryforwards related to the Case business may be at risk. The actual risk and degree of certainty are not known or quantifiable at this time.

CNH has recorded deferred tax assets in tax jurisdictions where CNH has been profitable as management believes it is more likely than not that such assets will be realizable. CNH continues to have valuation reserves in certain tax jurisdictions where net operating losses exist. Realization of these deferred tax assets is dependent on generating future income and is thus subject to change. Additionally, with respect to the valuation reserves recorded against the deferred tax assets of Case, any reduction in the amounts attributable to the pre-acquisition operations of Case will, in the future, be treated as a reduction to the goodwill recorded in conjunction with the acquisition and will not impact future periods' tax expense. As of December 31, 1999, the valuation allowance that is potentially subject to being allocated to goodwill as part of the Case merger totaled \$419 million.

Effective fiscal years beginning on January 1, 1998, new tax legislation was introduced in Italy whereby the combined tax rate was reduced from 53.2% to 41.2% or, in certain circumstances, to 31.2% under the Dual Income Tax Scheme. A portion of the new combined tax rate, or 4.25%, is based upon an adjusted tax base that approximates CNH's gross margin, excluding payroll costs and other items.

At December 31, 1999, the undistributed earnings of foreign subsidiaries totaled approximately \$2,571 million. In most cases, such earnings will continue to be reinvested. Provision has generally not been made for additional taxes on the undistributed earnings of foreign subsidiaries. These earnings could become subject to additional tax if they are remitted as dividends or if CNH were to dispose of its investment in the subsidiaries. It has not been practical to estimate the amount of additional taxes that might be payable on the foreign earnings, and CNH believes that additional tax credits and tax planning strategies would largely eliminate any tax on such earnings.

CNH paid cash of \$99 million, \$157 million and \$128 million for taxes during 1999, 1998 and 1997, respectively.

Note 16: Employee Benefit Plans and Postretirement Benefits

Defined Benefit and Postretirement Benefit Plans

CNH has various defined benefit plans that cover certain employees. Benefits are based on years of service and, for most salaried employees, on final average compensation. CNH's funding policies are to contribute to the plans amounts necessary to, at a minimum, satisfy the funding requirements as prescribed by the laws and regulations of each country. Plan assets consist principally of listed equity and fixed income securities. Effective December 31, 1998, CNH adopted SFAS No. 132, "Employers Disclosures about Pensions and Other Postretirement Benefits."

CNH has postretirement health and life insurance plans that cover substantially all of its U.S. and Canadian employees. For New Holland U.S. salaried and hourly employees, and for Case U.S. salaried employees, the plans cover employees retiring on or after attaining age 55 who have had at least 10 years of service with the respective company. Case Canadian salaried employees with seven or more years of consecutive service are covered under the plans upon retirement. For Case U.S. and Canadian hourly employees, the plans generally cover employees who retire pursuant to their respective hourly plans. These benefits may be subject to deductibles, copayment provisions and other limitations, and CNH has reserved the right to change these benefits, subject to the provisions of any collective bargaining agreement.

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NOTES TO FINANCIAL STATEMENTS — (continued)

In connection with CNH's acquisition of O&K in December 1998, as described in Note 3, "Acquisitions of Businesses and Investments," CNH recorded an unfunded pension obligation of approximately \$140 million related to pension rights of non-active employees of O&K who are retired or whose employment has been terminated and who have vested rights. The pension obligation reserve of approximately \$140 million has been calculated in accordance with German statutory requirements. Effective January 1, 1999, CNH entered into an agreement with the seller of O&K whereby the seller, in return for a payment of \$140 million (in equivalent Deutsche Marks) from O&K, has agreed to reimburse O&K for all future pension payments, including death benefits and medical support liabilities and any funding obligations under the collective bargaining agreement related to the non-active employees of O&K. An irrevocable, revolving bank guarantee was obtained to back the seller's guarantee of the future pension payment reimbursement.

Former parent companies of New Holland and Case have retained certain accumulated pension benefit obligations and related assets and certain accumulated postretirement health and life insurance benefit obligations.

The following assumptions were utilized in determining the funded status of CNH's defined benefit pension plans:

	Year Ended December 31, 1999			
	New Holland		Case	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<u>(New Holland and Case)</u>				
Weighted-average discount rates	7.50%	5.50%	7.50%	5.85%
Rate of increase in future compensation	4.00%	3.80%	N/A	4.30%
Weighted-average, long-term rates of return on plan assets	9.00%	7.50%	9.00%	9.37%
	For the Years Ended December 31,			
	1998		1997	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<u>(New Holland)</u>				
Weighted-average discount rates	6.50%	5.40%	7.50%	6.90%
Rate of increase in future compensation	4.00%	4.00%	4.10%	6.30%
Weighted-average, long-term rates of return on plan assets	9.00%	7.90%	9.00%	8.90%

The following assumptions were utilized in determining the accumulated postretirement benefit obligation of CNH's postretirement health and life insurance plans:

	For the Years Ended December 31,				
	1999			1998	1997
	New Holland U.S. Plans	Case U.S. Plans	Case Canadian Plan	U.S. Plans	U.S. Plans
<u>(New Holland and Case)</u>					
Weighted-average discount rates	7.50%	7.50%	7.00%	6.50%	7.50%
Rate of increase in future compensation	4.00%	3.00%	3.00%	4.00%	4.00%
Weighted-average, assumed health care cost trend rate	7.50%	7.00%	10.00%	6.00%	6.80%

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

The measurement period for CNH's defined benefit pension plans and postretirement health and life insurance plans is January 1 through December 31. The following depicts (in millions):

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Change in benefit obligations:				
Actuarial present value of benefit obligation at beginning of measurement period	\$ 912	\$896	\$ 345	\$ 294
Service cost	18	20	6	5
Interest cost	60	60	24	21
Plan participants' contributions	6	3	2	1
Gross benefits paid	(57)	(37)	(20)	(18)
Curtailment loss	—	3	—	2
Acquisitions	734	—	268	—
Adjustments to reflect re-measurement of benefit obligation	53	(44)	—	—
Actuarial (gain) loss	(75)	4	(27)	40
Currency fluctuations	(20)	7	—	—
Actuarial present value of benefit obligation at end of measurement period	<u>1,631</u>	<u>912</u>	<u>598</u>	<u>345</u>
Change in plan assets:				
Plan assets at fair value at beginning of measurement period	924	921	—	—
Actual return on plan assets	132	75	—	—
Employer contributions	23	17	18	17
Plan participants' contributions	6	3	2	1
Gross benefits paid	(57)	(37)	(20)	(18)
Acquisitions	637	—	—	—
Adjustments to reflect re-measurement of benefit obligation	2	(62)	—	—
Purchase accounting adjustment	(76)	—	—	—
Currency fluctuations	(20)	7	—	—
Plan assets at fair value at end of measurement period	<u>1,571</u>	<u>924</u>	<u>—</u>	<u>—</u>
Funded status:	(60)	12	(598)	(345)
Unrecognized prior service cost	17	18	(6)	(3)
Unrecognized net loss (gain) resulting from plan experience and changes in actuarial assumptions	6	78	(8)	15
Remaining unrecognized net asset at initial application	(5)	(1)	71	82
Net amount recognized at end of year	<u>\$ (42)</u>	<u>\$107</u>	<u>\$(541)</u>	<u>\$(251)</u>
Amounts recognized in the statement of financial position consist of:				
Prepaid benefit cost	\$ 210	\$ 98	\$ —	\$ —
Accrued benefit liability	(252)	(13)	(541)	(251)
Intangible asset	—	—	—	—
Accumulated other comprehensive income	—	22	—	—
Net amount recognized at end of year	<u>\$ (42)</u>	<u>\$107</u>	<u>\$(541)</u>	<u>\$(251)</u>

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

	Pension Benefits			Other Postretirement Benefits		
	1999	1998	1997	1999	1998	1997
	(in millions)					
Components of net periodic benefit cost:						
Service cost	\$ 18	\$ 20	\$ 16	\$ 6	\$ 5	\$ 5
Interest cost	60	60	55	24	21	22
Expected return on assets	(84)	(75)	(68)	—	—	—
Amortization of:						
Transition asset	(1)	(1)	(1)	9	9	9
Prior service cost	2	2	2	(1)	(1)	(1)
Actuarial loss	<u>1</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>(1)</u>	<u>(1)</u>
Net periodic benefit cost	(4)	8	5	38	33	34
Reduction in unrecognized prior service cost due to curtailment ...	—	2	—	—	—	—
Curtailment	<u>—</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total (income) expense	<u>\$ (4)</u>	<u>\$ 12</u>	<u>\$ 5</u>	<u>\$ 38</u>	<u>\$ 33</u>	<u>\$ 34</u>

The aggregate projected benefit obligation, aggregate accumulated benefit obligation and aggregate fair value of plan assets for pension plans with benefit obligations in excess of plan assets were \$348 million, \$344 million and \$183 million, respectively, as of December 31, 1999, and \$363 million, \$354 million and \$354 million, respectively, as of December 31, 1998.

The weighted-average assumed health care cost trend rate used in determining the 1999 accumulated postretirement benefit obligation covering Case and New Holland U.S. employees was 7.0% and 7.5%, respectively, and gradually declining to 5.5% in 2002 and remaining at that level thereafter. The weighted-average assumed health care cost trend rate used in determining the 1998 accumulated postretirement benefit obligation covering New Holland U.S. employees was 6.0%, and gradually declining to 5.0%. The weighted-average assumed health care cost trend rate used in determining the 1999 accumulated postretirement benefit obligation related to Canadian employees was 10.0%, declining to 7.0% in 2002 and remaining at that level thereafter.

Increasing the assumed health care cost trend rate by one percentage point would increase the total accumulated postretirement benefit obligation at December 31, 1999, by approximately \$85 million, and would increase the aggregate of the service cost and interest cost components of the net 1999 postretirement benefit cost by approximately \$9 million. Decreasing the assumed health care cost trend rate by one percentage point would decrease the total accumulated postretirement benefit obligation at December 31, 1999, by approximately \$69 million, and would decrease the aggregate of the service cost and interest cost components of the net 1999 postretirement benefit cost by approximately \$7 million.

Other Programs

In Belgium, early retirement liabilities were accrued in connection with the restructuring of CNH's Belgian facilities initiated in 1991. Such liabilities were \$18 million and \$23 million at December 31, 1999 and 1998, respectively. Programs in other countries are provided through payroll tax and other social contributions in accordance with local statutory requirements.

As required by Italian labor legislation, an accrual for employee severance indemnities has been provided for a portion of CNH's Italian employees' annual salaries, indexed for inflation. At December 31, 1999 and 1998, the indemnity accruals were \$86 million and \$105 million, respectively.

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

Defined Contribution Plans

CNH has various defined contribution plans that cover certain U.S. and non-U.S. employees. New Holland has a savings plan for its U.S. salaried and hourly employees whereby employees may make pre-tax contributions of up to 15% of base compensation. New Holland will match 50% of the first 10% of a participant's contribution. This matching contribution is directed based on the participant's investment elections. During 1999, 1998 and 1997, New Holland contributed \$5 million, \$6 million and \$6 million, respectively, to the savings plan.

Case has a retirement savings plan pursuant to the Internal Revenue Code for its U.S. salaried employees. Under the retirement savings plan, certain salaried participants may make pre-tax contributions of up to 10% of base compensation. Case will match 100% of the first 8% of a participant's contribution in cash. During 1999, Case contributed \$2 million to the retirement savings plan. Annually, Case makes a fixed contribution to the retirement savings plan equal to 4% of each participant's eligible compensation, which amounted to \$9 million in 1999. Subject to CNH's operating results, Case may make additional profit sharing contributions to the retirement savings plan. Case made additional profit sharing contributions of \$4 million in 1999.

Note 17: Commitments and Contingencies

Environmental

CNH is involved in environmental remediation activities with regard to potential liabilities under U.S. federal, U.S. state and non-U.S. environmental laws. These activities involve Waste Sites and properties currently or formerly owned by CNH where it is believed there has been a release of hazardous substance. These properties comprise a number of manufacturing sites currently or formerly operated by CNH, as well as former retail dealerships that had been operated by CNH's predecessors. Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments indicate that remedial efforts are probable and the costs can be reasonably estimated. Estimates of the liability are based upon currently available facts, existing technology and presently enacted laws and regulations. All available evidence is considered, including prior experience in remediation of contaminated sites, other parties' share of liability at the Waste Sites and their ability to pay and data concerning the Waste Sites released by the U.S. Environmental Protection Agency or other organizations. These liabilities are included in the accompanying Balance Sheets at their undiscounted amounts.

Based upon information currently available, management estimates potential environmental remediation, decommissioning, restoration, monitoring and other closure costs associated with current or formerly owned or operated facilities to be in the range of \$65 million to \$135 million. As of December 31, 1999, environmental reserves of approximately \$80 million had been established to address these specific estimated potential liabilities. Such reserves are undiscounted. After considering these reserves, management is of the opinion that the outcome of these matters will not have a material adverse effect on CNH's financial position or results of operations.

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 existing claims will not have a material adverse effect on CNH's financial position or results of operations.

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NOTES TO FINANCIAL STATEMENTS — (continued)

Other Litigation

CNH is the subject of various other legal claims arising from its operations, including product warranty, dealer disputes, workmen's compensation, customs and employment matters. In addition, certain of CNH's Brazilian subsidiaries are currently contesting certain claims made by the Brazilian tax authorities related to taxation and employer social contributions.

Management is of the opinion that the resolution of these claims, individually and in the aggregate, will not have a material adverse effect on CNH's financial position or results of operations.

Commitments

Minimum rental commitments at December 31, 1999, under non-cancelable operating leases with lease terms in excess of one year are as follows (in millions):

	<u>Amount</u>
2000	\$ 35
2001	24
2002	14
2003	12
2004 and thereafter	78
Total minimum rental commitments	<u>\$163</u>

Total rental expense for all operating leases was \$27 million, \$18 million and \$10 million for the years ended December 31, 1999, 1998 and 1997, respectively.

CNH has a supply agreement with Consolidated Diesel Company, a joint venture company that is 50% owned by CNH. Under the terms of this supply agreement, CNH is required to purchase engine products in amounts to provide for the recovery of specified fixed and variable costs of the joint venture. CNH purchased engine products totaling \$20 million in 1999, and CNH is required to make future minimum purchases (representing only fixed costs) of \$16 million in 2000, \$14 million in 2001, \$14 million in 2002, \$13 million in 2003, \$13 million in 2004, and \$59 million in the aggregate, in subsequent years.

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NOTES TO FINANCIAL STATEMENTS — (continued)

Note 18: Earnings per Share

The following reconciles the numerators and denominators of the basic and diluted earnings per share computations for income from continuing operations (in millions, except per share data):

<u>Basic</u>	For the Year Ended December 31,		
	1999	1998	1997
Net income	\$ 148	\$ 258	\$ 388
Weighted-average shares outstanding	149	149	149
Basic earnings per share	<u>\$0.99</u>	<u>\$1.73</u>	<u>\$2.60</u>
<u>Diluted</u>			
Net income	\$ 148	\$ 258	\$ 388
Effect of dilutive securities (when dilutive):			
Conversion of advance to capital subscription	12	N/A	N/A
Net income after adjustment for dilutive conversions . . .	<u>\$ 160</u>	<u>\$ 258</u>	<u>\$ 388</u>
Weighted-average shares outstanding — Basic	149	149	149
Effect of dilutive securities (when dilutive):			
Conversion of advance to capital subscription	16	N/A	N/A
Weighted-average shares outstanding — Diluted	<u>165</u>	<u>149</u>	<u>149</u>
Diluted earnings per share	<u>\$0.97</u>	<u>\$1.73</u>	<u>\$2.60</u>

Reference is made to Note 11, “Principal Shareholder’s Advance to Capital,” for further information regarding the advance to capital.

Note 19: Quarterly Financial Data (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in millions, except per share data)			
<u>1999</u>				
Revenues	\$1,392	\$1,569	\$1,307	\$2,005
Gross profit*	\$ 229	\$ 270	\$ 186	\$ 184
Income (loss) before restructuring charge, net of tax	\$ 65	\$ 88	\$ 45	\$ (31)
Net income (loss)	\$ 60	\$ 86	\$ 37	\$ (35)
Basic earnings (loss) per share	\$ 0.40	\$ 0.58	\$ 0.25	\$(0.23)
Diluted earnings (loss) per share	\$ 0.40	\$ 0.58	\$ 0.25	\$(0.23)
<u>1998</u>				
Revenues	\$1,523	\$1,687	\$1,278	\$1,209
Gross profit*	\$ 299	\$ 339	\$ 199	\$ 137
Net income (loss)	\$ 106	\$ 132	\$ 50	\$ (30)
Basic earnings (loss) per share	\$ 0.71	\$ 0.89	\$ 0.33	\$(0.20)
Diluted earnings (loss) per share	\$ 0.71	\$ 0.89	\$ 0.33	\$(0.20)

* Gross profit is defined as net sales less cost of goods sold and research and development expenses.

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NOTES TO FINANCIAL STATEMENTS — (continued)

Note 20: Segment and Geographical Information

Segment Information

CNH has three reportable segments: Agricultural Equipment, Construction Equipment and Financial Services. Certain reclassifications have been made to conform the historical segment and geographical information to the current CNH management reporting format.

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 and has leading positions in excavators, crawler dozers, graders, wheel loaders, loader/backhoes, skid steer loaders and trenchers.

Financial Services

The financial services segment provides broad-based financial services for the global marketplace through various wholly owned subsidiaries and joint ventures in the United States, Canada, Argentina, Australia, Brazil and Europe. 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. CNH also facilitates and finances the sale of insurance products and other financing programs to retail customers. In addition, CNH provides wholesale financing to CNH dealers and rental equipment yards. CNH also provides financing options to dealers and non-captive third parties to finance inventory, working capital, real estate acquisitions, construction and remodeling, business acquisitions, dealer systems and service and maintenance equipment.

The accounting policies of the segments are described in Note 2, “Summary of Significant Accounting Policies.” CNH evaluates segment performance based on operating earnings. CNH defines operating earnings as the income of Equipment Operations before interest expense, taxes and restructuring charges, including the income of Financial Services on an equity basis. Transfers between segments are accounted for at market value.

CNH’s reportable segments are strategic business units that offer different products and services. Each segment is managed separately as they require different technology and marketing strategies.

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NOTES TO FINANCIAL STATEMENTS — (continued)

A summary of CNH's reportable segment information is set forth in the following table (in millions):

	<u>For the Years Ended December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenues:			
Net sales			
Agricultural equipment	\$ 3,904	\$4,151	\$4,576
Construction equipment	2,045	1,323	1,222
Total net sales	5,949	5,474	5,798
External financial services	324	223	193
Intersegment financial services	88	138	124
Eliminations and other	(88)	(138)	(124)
Total	<u>\$ 6,273</u>	<u>\$5,697</u>	<u>\$5,991</u>
Segment profit:			
Agricultural equipment	\$ 146	\$ 316	\$ 538
Construction equipment	117	119	79
Financial services	72	60	68
Total	<u>\$ 335</u>	<u>\$ 495</u>	<u>\$ 685</u>
Reconciliation of segment profit to consolidated net income:			
Segment profit	\$ 335	\$ 495	\$ 685
Equipment Operations:			
Income tax provision	(14)	(118)	(222)
Interest expense	(154)	(79)	(75)
Restructuring charge	(19)	(40)	—
Net income	<u>\$ 148</u>	<u>\$ 258</u>	<u>\$ 388</u>
Investments in unconsolidated subsidiaries and affiliates (at the end of year):			
Agricultural equipment	\$ 254	\$ 209	\$ 123
Construction equipment	51	—	—
Financial services	23	6	6
Total	<u>\$ 328</u>	<u>\$ 215</u>	<u>\$ 129</u>
Depreciation and amortization:			
Agricultural equipment	\$ 130	\$ 104	\$ 97
Construction equipment	33	22	22
Financial services	20	6	3
Total	<u>\$ 183</u>	<u>\$ 132</u>	<u>\$ 122</u>

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

	<u>For the Years Ended December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Segment assets (at the end of year):			
Agricultural equipment	\$ 7,207	\$2,710	\$2,406
Construction equipment	3,614	1,107	686
Financial services	6,009	2,874	2,381
Eliminations and other	<u>848</u>	<u>605</u>	<u>857</u>
Total	<u>\$17,678</u>	<u>\$7,296</u>	<u>\$6,330</u>
Expenditures for additions to long-lived assets*:			
Agricultural equipment	\$ 167	\$ 122	\$ 129
Construction equipment	46	26	25
Financial services	<u>60</u>	<u>20</u>	<u>6</u>
Total	<u>\$ 273</u>	<u>\$ 168</u>	<u>\$ 160</u>

* Includes equipment on operating leases and property, plant and equipment.

Geographical Information

The following highlights the results of CNH's operations by geographic area, by origin (in millions):

	<u>United States</u>	<u>Canada</u>	<u>United Kingdom</u>	<u>Italy</u>	<u>Belgium</u>	<u>Other</u>	<u>Total</u>
At December 31, 1999, and for the year then ended:							
Total revenues	<u>\$1,809</u>	<u>\$293</u>	<u>\$ 902</u>	<u>\$1,589</u>	<u>\$511</u>	<u>\$1,169</u>	<u>\$6,273</u>
Long-lived assets*	<u>\$1,439</u>	<u>\$ 77</u>	<u>\$ 221</u>	<u>\$ 237</u>	<u>\$ 81</u>	<u>\$ 377</u>	<u>\$2,432</u>
At December 31, 1998, and for the year then ended:							
Total revenues	<u>\$1,503</u>	<u>\$480</u>	<u>\$1,038</u>	<u>\$1,509</u>	<u>\$642</u>	<u>\$ 525</u>	<u>\$5,697</u>
Long-lived assets*	<u>\$ 141</u>	<u>\$ 27</u>	<u>\$ 84</u>	<u>\$ 281</u>	<u>\$ 78</u>	<u>\$ 132</u>	<u>\$ 743</u>
At December 31, 1997, and for the year then ended:							
Total revenues	<u>\$1,344</u>	<u>\$648</u>	<u>\$1,327</u>	<u>\$1,644</u>	<u>\$567</u>	<u>\$ 461</u>	<u>\$5,991</u>
Long-lived assets*	<u>\$ 137</u>	<u>\$ 23</u>	<u>\$ 85</u>	<u>\$ 256</u>	<u>\$ 69</u>	<u>\$ 14</u>	<u>\$ 584</u>

* Includes equipment on operating leases and property, plant and equipment.

CNH is organized under the laws of the Kingdom of The Netherlands. Geographical information for CNH pertaining to The Netherlands is not significant or not applicable, as CNH primarily maintains a corporate presence in that country.

Note 21: Related Party Information

CNH purchases materials and components from and sells certain products to subsidiaries and affiliates of Fiat. CNH's principal purchases of services from Fiat and its affiliates include cash management, legal, consulting and other administrative services. Additionally, CNH participates in the stock option program of Fiat as described in Note 12, "Shareholders' Equity and Stock-Based Compensation."

CNH GLOBAL N.V.

NOTES TO FINANCIAL STATEMENTS — (continued)

CNH's principal purchases of goods from Fiat and its affiliates include diesel engines from Iveco N.V., electric and mechanical components from Magneti Marelli S.p.A., castings from Teksid S.p.A., and lubricants from Fiat Lubrificanti S.p.A. CNH has an agreement by which the license fees paid to Fiat for certain trade names and brand marks is 0.3% of sales of related products. CNH also purchases tractors from its Mexican joint venture for resale in the United States.

The following table summarizes CNH's sales, purchases, and finance income and expense with affiliates of Fiat and CNH dealer development companies and joint ventures (in millions):

	For the Years Ended December 31,		
	1999	1998	1997
Sales of equipment	\$ 14	\$ 22	\$ 19
Sales to dealer development companies and joint ventures	259	261	278
Total sales to affiliates	\$ 273	\$ 283	\$ 297
Purchase of materials, production parts, merchandise and services	\$ 295	\$ 297	\$ 304
Finance and interest income	\$ 32	\$ 59	\$ 39
Interest expense	\$ 79	\$ 56	\$ 39

CNH management believes that the terms of sales and purchases provided to CNH by Fiat and its affiliates are at least as favorable as those available from unaffiliated third parties.

Note 22: Other Accrued Liabilities

	December 31,	
	1999	1998
	(in millions)	
Warranty provisions	\$ 298	\$ 191
Marketing and sales incentive programs	429	307
Accrued payroll	197	118
Value-added taxes and other taxes payable	140	131
Other accrued expenses	626	268
Total other accrued liabilities	\$1,690	\$1,015

CNH GLOBAL N.V.
NOTES TO FINANCIAL STATEMENTS — (concluded)

Note 23: Guarantee of Subsidiary's Outstanding Debt Securities

CNH fully, unconditionally and irrevocably guaranteed Case's \$900 million in outstanding debt securities that were issued pursuant to two registration statements under the Securities Act of 1933, as amended. The following tables present summarized financial information for Case (in millions):

	<u>Post-Acquisition Basis of Accounting</u>	<u>Pre-Acquisition Basis of Accounting</u>		
	<u>For the period from November 12, 1999 to December 31, 1999</u>	<u>For the period from January 1, 1999 to November 11, 1999</u>	<u>For the Years Ended December 31,</u>	
			<u>1998</u>	<u>1997</u>
Net sales	\$620	\$3,980	\$5,738	\$5,718
Gross profit*	\$ 30	\$ 416	\$ 814	\$1,075
Net income (loss)	\$(45)	\$ (94)	\$ 64	\$ 403
			<u>December 31,</u>	
			<u>1999</u>	<u>1998</u>
			<u>Post- Acquisition Basis of Accounting</u>	<u>Pre- Acquisition Basis of Accounting</u>
Current assets			\$4,172	\$4,369
Non-current assets			\$7,441	\$4,331
Current liabilities			\$2,519	\$2,844
Non-current liabilities			\$5,530	\$3,662
Minority interests			\$ 8	\$ 7
Preferred stock with mandatory redemption provisions			\$ —	\$ 77

* Gross profit is defined as net sales less cost of goods sold and research and development expenses.

Note 24: Subsequent Events

Acquisition

On January 4, 2000, CNH completed the acquisition of the remaining 61% ownership interests in Flexi-Coil. Prior to that date, CNH had maintained a 39% ownership interest in Flexi-Coil. The purchase price for the additional 61% ownership interest was C\$74 million. The acquisition will be accounted for as a step purchase and, accordingly, the excess of the purchase price over the estimated fair value of the net assets acquired will be recognized as goodwill and amortized over its estimated remaining useful life.

Borrowings (unaudited)

On February 10, 2000, CNH borrowed \$1.0 billion from an affiliate of Fiat, the proceeds of which were used to repay short-term credit facilities. Of this amount, \$400 million is due in February 2003 and bears interest at a rate of 7.71%, and \$600 million is due in February 2005 and bears interest at a rate of 7.81%.

Asset-Backed Securitization (unaudited)

In March 2000, limited-purpose business trusts organized by Financial Services issued \$1.1 billion of asset-backed securities to outside investors, of which \$427 million was prefunded and will be sold to the trusts as receivables are generated. The net proceeds from this securitization will be used to repay outstanding debt and to fund Financial Services' growing portfolio of receivables.

SCHEDULE II

CNH GLOBAL N.V.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in millions of U.S. dollars)

	<u>Balance at Beginning of Year</u>	<u>Charged to Costs and Expense</u>	<u>Charged to Other Accounts</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
For the year ended December 31, 1999:					
Accounts and notes receivable	\$128	\$58	\$71 (a)	\$(60)	\$197
Inventories.....	171	29	55 (b)	(13)	242
For the year ended December 31, 1998:					
Accounts and notes receivable	128	27	(2) (c)	(25)	128
Inventories.....	180	19	(2) (c)	(26)	171
For the year ended December 31, 1997:					
Accounts and notes receivable	135	30	(19) (c)	(18)	128
Inventories.....	173	42	(12) (c)	(23)	180

(a) Reflects \$118 million related to the acquisition of Case and \$(47) million for the impact of exchange rate changes.

(b) Reflects \$68 million related to the acquisition of Case and \$(13) million for the impact of exchange rate changes.

(c) Reflects the impact of exchange rate changes.

Item 19(b). *Index to Exhibits*

A list of exhibits included as part of this Form 20-F is set forth in the Index to Exhibits that immediately precedes such exhibits, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNH GLOBAL N.V.
(Registrant)

/s/ THEODORE R. FRENCH

Theodore R. French
*President, Financial Services and
Chief Financial Officer*

Dated: March 31, 2000

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibits</u>	<u>Sequentially Numbered Pages</u>
3.1	Articles of Association of CNH Global N.V., as last amended on November 12, 1999.	
3.2	Regulations of the Board of Directors of CNH Global N.V. dated December 8, 1999.	
4.1	Intercompany Credit Facility dated as of October 28, 1999 between Fiat Finance and Trade Ltd. S.A., as lender, and New Holland N.V., as borrower.	
4.2	Credit Agreement dated 28 October 1999 between New Holland N.V., as borrower, Fiat S.p.A., as guarantor, the banks named therein, Chase Manhattan International Limited, as agent, and Chase Manhattan plc and Credit Suisse First Boston, as lead arrangers.	
4.3	First Supplemental Indenture dated as of March 28, 2000, among Case Corporation, CNH Global N.V., as guarantor, and The Bank of New York, as trustee under the Indenture dated as of July 31, 1995, between Case Corporation and The Bank of New York, as trustee.	
10.1	Outside Directors' Compensation Plan of CNH Global N.V. adopted November 12, 1999.	
10.2	Equity Incentive Plan of CNH Global N.V. adopted November 12, 1999.	
27.1	Financial Data Schedule.	

[NAUTA DUTILH LETTERHEAD]

Afschrift	Office translation
ener akte; houdende	of a deed of
STATUTENWIJZIGING	AMENDMENT OF THE ARTICLES OF ASSOCIATION
van de naamloze vennootschap	of the limited liability company
New Holland N.V.	New Holland N.V.
thans genaamd:	presently named:
CNH Global N.V.	CNH Global N.V.
gevestigd te Amsterdam	with corporate seat at Amsterdam
Verkl. d.d. 20 oktober 1999	Decl. dated October 20, 1999
N.V. nummer 571.060	N.V. number 571.060
Akte d.d. 12 november 1999	Deed dated November 12, 1999

On this, the twelfth day of November nineteen hundred and ninety-nine, appeared before me, Maitre Bart Theodoor Derogee, civil-law notary in Rotterdam:

Mr. Bartholomeus Johannes Kuck, employed at the offices of me, civil-law notary, located at Weena 750, 3014 DA Rotterdam, born at Haarlem on the nineteenth day of January nineteen hundred and seventy.

The appearer has declared that the general meeting of shareholders of the limited liability company New Holland N.V., having its corporate seat at Amsterdam and its registered office at World Trade Center Amsterdam Airport, Schiphol Boulevard 217, 1118 BH Amsterdam, in its meeting of the fifth day of October nineteen hundred and ninety-nine resolved:

- a. to amend the articles of association of the company as set forth hereinafter;
- b. to authorize him, the appearer, to apply for the ministerial declaration of non-objection in respect of the draft of the present deed, to make such changes in the said draft as may be required for obtaining the said declaration and after the obtainment thereof effect the amendment of the articles of association by the passing of a notarial deed.

The appearer further declared that the said ministerial declaration of non-objection has been obtained as appears from the ministerial declaration, number N.V. 571.060, dated the twentieth day of October nineteen hundred and ninety-nine, which is hereto attached.

Implementing the aforesaid resolution the appearer declared to amend the articles of association of the company as follows:

Article 1 paragraph 1 shall read as follows:

"1. The name of the company is: CNH Global N.V."

Article 6 paragraph 1 shall read as follows:

"1. In the event of an issue of shares every shareholder shall have a right of preference with regard to the shares to be issued in proportion to the aggregate amount of his shares, provided however that no such right of preference shall exist in respect of shares to be issued to employees of the company or of a group company pursuant to any option plan of the company."

Article 13 paragraph 2 and 3 shall read as follows:

"2. The board of directors shall, from among their number, appoint a chairman, a co-chairman, and a chief executive officer and shall have power to appoint one or more presidents and vice-presidents.

The board of directors shall furthermore have power to appoint a secretary of the board of directors. The office of chairman and chief executive officer shall be capable of being held by one and the same person.

3. The board of Directors shall draw up board regulations to deal with matters that concern the board internally. The regulations may include an allocation of tasks amongst the directors and the chairman and the co-chairman and may provide for delegation of powers. The regulations shall contain provisions concerning the manner meetings of the board of directors are called and held. These meetings may be held by telephone conference or video conference, provided all participating directors can hear each other simultaneously."

Article 15 first sentence shall read as follows:

"The general authority to represent the company shall be vested in the board of directors, the chairman, the co-chairman and in the chief executive officer severally."

Article 17 paragraph 2 shall read as follows:

"2. Furthermore, general meetings of shareholders shall be held in the case referred to in article 108a, Book 2 of the Civil Code and as often as the board of directors,

the chairman or co-chairman of the board or the chief executive officer deems it necessary to hold them, without prejudice to what has been provided in the next paragraph hereof."

Article 17 paragraph 4 first sentence shall read as follows:

"4. General meetings of shareholders shall be held in Amsterdam, Schiphol Airport, Rotterdam, or The Hague, and shall be called by the board of directors, the chairman or the co-chairman of the board or the chief executive officer, by means of publication of a notice to that effect in a nationally distributed daily newspaper and in such other manner as may be required to comply with applicable stock exchange regulations, not later than on the fifteenth day prior to the meeting."

Article 18 paragraph 1 shall read as follows:

"1. The general meeting of shareholders shall be presided over by the chairman of the board of directors or, in his absence, by the co-chairman or in the absence of the latter by the person chosen by the board of directors to act as chairman for such meeting."

The appearer is known to me, civil-law notary.
This deed

was executed
in Rotterdam on the date mentioned in its heading. After I, civil-law notary, had conveyed and explained the contents of the deed in substance to the person appearing, he declared that he had taken note of the contents of the deed and did not wish it to be read out in full.

Following a partial reading, the deed was signed by the person appearing and me, civil law notary.

[NAUTA DUTILH LETTERHEAD]

De ondergetekende:
Mr Bart Theodoor Derogee,
notaris te Rotterdam
verklaart hierbij,
dat hij zich naar beste weten
overtuigd,
dat de statuten van de te
Amsterdam gevestigde naamloze
vennootschap:

CNH Global N.V.

(voorhten genaamd:
New Holland N.V.)

luiden overeenkomstig de aan dit
certificaat genechte tekst.

De statuten zijn laatstelijk
gewijzigd bij akte verleden
op 12 november 1999.

De ministeriele verklaring van
geen bezwaar werd verleend op
20 oktober 1999.
N.V. nummer 571.060

Getekend te Rotterdam op
10 december 1999.

The undersigned:
Me Bart Theodoor Derogee,
civil-law notary in
Rotterdam, the Netherlands,
hereby declares that an
office translation of the
Articles of Association of the
limited liability company,
having its corporate seat
at Amsterdam:

CNH Global N.V.

(formerly named:
New Holland N.V.)

reads as per the attached
text.

The Articles of Association were
lastly amended by notarial deed
executed on November 12, 1999.

The ministerial declaration of
no-objection was granted on
October 20, 1999.
N.V. number 571.060

Signed at Rotterdam on
December 10, 1999.

ARTICLES OF ASSOCIATION

NAME AND CORPORATE SEAT

Article 1

1. The name of the company is: CNH Global N.V.
2. It has its corporate seat in Amsterdam.

OBJECTS

Article 2

The objects of the company are:

- a. to engage in, and/or to participate in and operate one or more companies engaged in the design, engineering, manufacture, sale or distribution of machines whether pulled or selfpropelled, for agricultural and construction use as well as implements, components, assemblies, sub-assemblies, spare parts, accessories thereof and more generally any other activity related to the field of agricultural and construction equipment;
- b. to engage in and/or to participate in and operate one or more companies engaged in any business, financial or otherwise which the company may deem suitable to be carried on in conjunction with the foregoing;
- c. to render management and advisory services;
- d. to do anything which a company may lawfully do under the laws of the Netherlands which may be deemed conducive to the attainment of the objects set out in paragraphs a, b and c foregoing.

DURATION

Article 3

The company shall continue for an indefinite time.

SHARE CAPITAL AND SHARES

Article 4

1. The authorized share capital of the company amounts to two hundred million and seven euro (EUR 200,000.007. --), divided into four hundred forty-four million four hundred forty-four thousand four hundred and sixty (444,444,460)

common shares of forty-five euro cents (EUR 0.45) each. Those shares are referred to hereinafter as "shares".

2. When shares are subscribed for, there shall be paid-up thereon the par value thereof and in addition, if the shares are subscribed at a higher amount, the difference between such amounts, without prejudice to the provision of article 80 paragraph 2 of Book 2 of the Civil Code.

3. The Company shall not lend its cooperation to the issue of certificates of beneficial ownership ("certificaten van aandelan") for shares in its share capital.

4. The power to confer voting rights and rights as referred to in article 89 paragraph 4 of Book 2 of the Civil Code on those who have a right of pledge over shares is excluded.

ISSUE OF SHARES Article 5

1. The general meeting of shareholders or alternatively the board of directors, if it has been designated to do so by the general meeting of shareholders, shall have authority to resolve on any further issue of shares; the general meeting of shareholders shall, for as long as the designation of the board of directors for this purpose is in force, no longer have authority to decide on a further issue of shares.

2. The general meeting of shareholders or the board of director if so designated as provided in paragraph 1 above, shall decide on the price and the further terms and conditions of issue, with due observance of what has been provided in relation thereto in the law and in the articles of association.

3. If the board of directors is designated to have authority to decide on a further issue of shares, such designation shall provide how many shares shall be allowed to be issued. When making such designation the duration thereof, which shall not be for more than five years, shall at the same time be resolved upon. The designation may be extended from time to time for periods

not exceeding five years. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.

4. Within eight days after the passing of a resolution of the general meeting of shareholders to issue shares or to designate the board of directors as provided in paragraph 1 hereof the board of directors shall deposit the complete text of such resolution at the office of the Trade Register where the company has its corporate seat. Within eight days after each issue of shares the board of directors shall report the same to the office of such Trade Register stating the number of shares issued.

5. What has been provided in the paragraphs 1 to 3 inclusive shall mutatis mutandis be applicable to the granting of rights to subscribe for shares but shall not be applicable to the issuing of shares to anyone who exercises a previously acquired right to subscribe for shares.

6. The shares shall be paid-up in cash unless another form of contribution - subject to the provision of Article 80b of Book 2 of the Civil Code - has been agreed upon. When the shares are paid up in cash, payment shall be made in Dutch currency or, subject to the provision of Article 80a paragraphs 2 and 3 of Book 2 of the Civil Code, in foreign currency.

7. The board of directors is expressly authorized to enter into the legal acts referred to in article 94 of Book 2 of the Civil Code, without the prior consent of the general meeting of shareholders.

RIGHT OF PREFERENCE Article 6

1. In the event of an issue of shares every shareholder shall have a right of preference with regard to the shares to be issued in proportion to the aggregate amount of his shares, provided however that no such right of preference shall exist in respect of shares to be issued to employees of the company or of a group company pursuant

to any option plan of the Company.

2. A shareholder shall have no right of preference for shares that are issued against a non-cash contribution

3. The general meeting of shareholders or the board of directors, as the case may be, shall decide when passing the resolution to issue shares in which manner and within which time limit the right of preference may be exercised.

4. The company shall give notice of an issue of shares that is subject to a right of preference and of the period during which such right may be exercised, by announcement in the State Gazette and as provided in article 17 paragraph 4 hereof.

5. The right of preference may be exercised during at least two weeks after the announcement.

6. The right of preference may be limited or excluded by resolution of the general meeting of shareholders or resolution of the board of directors if it has been designated to do so by the general meeting of shareholders provided the board of directors has also been authorized to resolve on the issue of shares of the company. In the proposal to the general meeting of shareholders in respect thereof the reasons for the proposal and the choice of the intended price of issue shall be explained in writing.

With respect to the designation the provisions of the last three sentences of paragraph 3 of article 5 shall apply mutatis mutandis.

7. For a resolution of the general meeting of shareholders to limit or exclude the right of preference or to designate the board of directors as authorized to do so, a majority is required of at least two thirds of the votes cast, if in the general meeting less than one half of the issued share capital is represented. Within eight days from the resolution the board of directors shall deposit a complete text thereof at the office of the Trade Register.

8. When rights are granted to subscribe for shares the shareholders shall have a right of preference; what has been provided hereinbefore in this article shall be applicable mutatis mutandis. Shareholders shall have no right of preference in respect of shares that are issued to anyone who exercises a previously acquired right.

ACQUISITION AND TRANSFER BY THE COMPANY OF SHARES IN ITS OWN SHARE CAPITAL

Article 7

1. The company shall have authority to acquire fully paid-up shares in its own share capital, for no consideration or for value, if:

- a. the general meeting of shareholders has authorized the board of directors to make such acquisition and with the authorization - which shall be valid for no more than eighteen months - has specified the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set; and
- b. the company's equity, after deduction of the price of acquisition, is not less than the sum of the paid-up portion of the share capital and the reserves that have to be maintained by provision of law; and
- c. the aggregate par value of the shares to be acquired and the shares in its share capital the company already holds, holds as pledgee or are held by a subsidiary company, does not amount to more than one tenth of the aggregate par value of the issued share capital.

The company's equity as shown in the last confirmed and adopted balance sheet, after deduction of the price of acquisition for shares in the share capital of the company and distributions from profits or reserves to any other persons that became due by the company and its subsidiary companies after the date of the balance sheet, shall be decisive for what has been provided under item b above. If no annual accounts have been confirmed and

adopted when more than six months have expired after the end of any financial year, then an acquisition by virtue of this paragraph shall not be allowed.

2. Any acquisition by the company of shares that have not been fully paid up shall be void.

3. Shares as referred to in this article shall include certificates of beneficial ownership.

REDUCTION OF THE ISSUED SHARE CAPITAL Article 8

1. The general meeting of shareholders shall have power to pass a resolution to reduce the issued share capital by the cancellation of shares or by reducing the amount of the shares by means of an amendment to the company's Articles of Association. The shares to which such resolution relates shall be stated in the resolution and it shall also be stated therein how the resolution shall be implemented.

2. A resolution to cancel shares may only relate to shares in its own share capital, that are being held by the company itself or of which it holds the certificates of beneficial ownership.

3. Any reduction of the nominal amount of shares without redemption must be made pro rata on all shares.

4. A partial repayment on shares shall only be allowed in implementation of a resolution to reduce the nominal amount of the shares. Such a repayment must be made pro rata on all shares. The pro rata requirement may be waived with the consent of all the shareholders.

5. For a resolution to reduce the capital a majority of at least two-thirds of the votes cast shall be required, if less than one half of the issued capital is represented at the meeting.

6. The notice convening a meeting at which a resolution, as mentioned in this article, is to be passed shall state the purpose of the reduction of the share capital and the manner in which effect is to be given thereto.

The second, third and fourth paragraphs of Article 123 of

Book 2 of the Civil Code shall mutatis mutandis be applicable.

7. The company shall deposit the resolutions referred to in paragraph 1 of this article at the office of the Trade Register and shall publish a notice of such deposit in a nationally distributed daily newspaper; what has been provided in Article 100, paragraphs 2 and 6 inclusive of Book 2 of the Civil Code shall be applicable to the company.

SHARES AND SHARE CERTIFICATES

Article 9

1. The shares shall be registered shares and they shall be numbered and may also be provided with letters as the board of directors shall determine.

2. The board of directors may resolve that, at the request of the shareholder, share certificates shall be issued in respect of shares in such denominations as the board shall determine, which certificates are exchangeable at the request of the shareholder.

3. Share certificates shall not be provided with a set of dividend coupons and a talon.

4. Each share certificate carries the number(s) and letter(s), if any, of the share(s) in respect of which they were issued.

5. The exchange referred to in paragraph 2 shall be free of charge.

6. Share certificates shall be signed by a member of the board of directors. The board of directors may resolve that the signature shall be replaced by a facsimile signature.

7. The board of directors may determine that for the purpose of trading and transfer of shares at a foreign stock exchange, share certificates shall be issued in such form as shall comply with the requirements of such foreign stock exchange.

8. On a request in writing by the party concerned and upon provision of satisfactory evidence as to title,

replacement share certificates may be issued of share certificates which have been mislaid, stolen or damaged, on such conditions, including, without limitation, the provision of indemnity to the company as the board of directors shall determine.

The costs charged to the issue of replacement share certificates may be charged to the applicant. By the issue of replacement share certificates the original share certificates will become void and the company will have no further obligation with respect to such original share certificates. Replacement share certificates will bear the numbers and letters of the documents they replace.

REGISTER OF SHAREHOLDERS
ARTICLE 10

1. The board of directors shall keep a register of share holders in which the name and address of each shareholder shall be entered, recording the amount paid-up on each share, as well as, in so far as applicable, the further particulars referred to in Article 85 of Book 2 of the Civil Code.
2. The board of directors shall be authorized to keep a part of the register outside the Netherlands if required to comply with applicable foreign legislation or the rules of the stock exchange where the shares of the company are listed.
3. The board of directors shall determine the form and contents of the register with due observance of the provisions of paragraphs 1 and 2 hereof.
4. Every entry in the register shall be signed by a member of the board of directors; and register shall be kept regularly up to date.
5. Upon request the board of directors shall provide shareholders and those who have a right of usufruct or pledge in respect of such shares free of charge with an extract from the register in respect of their rights to a share.
6. The board of directors shall be authorized to provide

the authorities with information and data contained in the register of shareholders or have the same inspected to the extent that this is requested to comply with applicable foreign legislation or rules of the stock exchange where the company's shares are listed.

TRANSFER OF SHARES
Article 11

1. The transfer of shares or of a restricted right thereto shall require an instrument intended for such purpose and, save when the company itself is a party to such legal act, the written acknowledgement by the company of the transfer. The acknowledgement shall be made in the instrument or by a dated statement on the instrument or on a copy or extract thereof mentioning the acknowledgement signed as a true copy by the notary or the transferor, or in the manner referred to in paragraph 2. Service of such instrument or such copy or extract on the company shall be considered to have the same effect as an acknowledgement.

2. If a share certificate has been issued for a share the surrender to the company of the share certificate shall also be required for such transfer.

The company may acknowledge the transfer by making an annotation on such share certificate as proof of the acknowledgement or by replacing the surrendered certificate by a new share certificate registered in the name of the transferee.

MANAGEMENT
Article 12

1. The company shall have a board of directors, consisting of one or more members.

2. The chairman of the board of directors shall fix the number of the directors. If the office of the chairman is vacated the number shall be fixed by the board itself.

3. The general meeting of shareholders shall appoint the directors and shall at all times have power to suspend or to dismiss every one of the directors.

4. The chairman of the board of directors may fix a remuneration for the directors in respect of the performance of their duties, provided that nothing herein contained shall preclude any directors from serving the company or any subsidiary or related company thereof in any other capacity and receiving compensation therefore.

Article 13

1. The board of directors shall, subject to the limitations contained in these Articles of Association, be in charge of the management of the company.

2. The board of directors shall, from among their number, appoint a chairman, a co-chairman, and a chief executive officer and shall have power to appoint one or more presidents and vice-presidents.

The board of directors shall furthermore have power to appoint a secretary of the board of directors.

The office of chairman and chief executive officer shall be capable of being held by one and the same person.

3. The board of directors shall draw up board regulations to deal with matters that concern the board internally. The regulations may include an allocation of tasks amongst the directors and the chairman and the co-chairman and may provide for delegation of powers.

The regulations shall contain provisions concerning the manner meetings of the board of directors are called and held. These meetings may be held by telephone conference or video conference, provided all participating directors can hear each other simultaneously.

4. The board of directors can only adopt valid resolutions when the majority of the directors in office shall be present at the board meeting or be represented thereat.

5. A member of the board of directors may only be represented by a co-member of the board authorized in writing.

The expression in writing shall include any message

transmitted by current means of communication and received in writing.

A member of the board of directors may not act as proxy for more than one co-member.

6. All resolutions shall be adopted by the favourable vote of the majority of the directors present or represented at the meeting. Each director shall have one vote. If there is a tie in a vote, the chairman of the board of directors shall have a casting vote.

7. The board of directors shall be authorized to adopt resolutions without convening a meeting if all directors shall have expressed their opinions in writing, unless one or more directors shall object against a resolution being adopted in this way. A resolution shall in this case be adopted if the majority of all directors shall have expressed themselves in favour of the resolution concerned. The provision of the second sentence of paragraph 5 shall apply mutatis mutandis.

8. If the office(s) of one or more directors be vacated or if one or more directors be otherwise unavailable, the remaining directors or the remaining director shall temporarily be vested with the entire management. If the offices of all directors be vacated or if all directors be otherwise unable to act, the management shall temporarily be vested in the person or persons whom the general meeting of shareholders shall every year appoint for that purpose.

COMMITTEES

Article 14

The board of directors shall have power to appoint committees, composed of directors and officers of the company and of group companies. The board of directors shall determine their duties and powers.

REPRESENTATION

Article 15

The general authority to represent the company shall be vested in the board of directors, the chairman, the co-

chairman and in the chief executive officer severally. The board of directors may also confer authority to represent the company, jointly or severally, to any one or more directors and/or officers of the company who would thereby be granted powers of representation with respect to such acts or categories of acts as the board may determine and shall notify to the Trade Register.

INDEMNITY

Article 16

The company shall indemnify any and all of its directors or officers or former directors or officers or any person who may have served at its request as a director or officer of another company in which it owns shares or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been directors or officers or a former director or officer of the company, or of such other company, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

GENERAL MEETING OF SHAREHOLDERS

Article 17

1. At least one general meeting of shareholders shall be held every year, which meeting shall be held within six months after the close of the financial year.
2. Furthermore, general meetings of shareholders shall be held in the case referred to in article 108a, Book 2 of the Civil Code and as often as the board of directors, the chairman or co-chairman of the board or the chief executive officer deems it necessary to hold them, without prejudice to what has been provided in the next

paragraph hereof.

3. The board of directors shall have the obligation to call a general meeting of shareholders, if one or more of those having the right to vote who hold, as between them at least the right to vote who hold, as between them, at least ten percent of the issue share capital make a request in writing to the board to that effect, stating the matters to be dealt with.

If the board of directors fails in that event to call a meeting, in such a way that it is held within six weeks after the aforesaid request has been received, then every one of those who have made such a request shall be entitled himself to call such a meeting, subject to due observance of what has been provided thereon in these Articles of Association.

4. General meetings of shareholders shall be held in Amsterdam, Schiphol Airport, Rotterdam, or The Hague, and shall be called by the board of directors, the chairman or the co-chairman of the board or the chief executive officer, by means of publication of a notice to that effect in a nationally distributed daily newspaper and in such other manner as may be required to comply with applicable stock exchange regulations, not later than on fifteenth day prior to the meeting.

Additionally the board of directors shall give notice of the meeting to the shareholders by letter, cable, telex or telefax to be sent to the addresses recorded in the register of shareholders at least fifteen days prior to the meeting.

5. The notice shall state the place, date and hour of the meeting and the agenda of the meeting or shall state that the shareholders and all other persons who shall have the statutory right to attend the meeting may inspect the same at the office of the company and at such other place(s) as the board of directors shall determine.

6. The agenda shall contain such subjects as the person(s) convening the meeting shall decide, and furthermore such other subjects as one or more of those having

the right to vote who hold, as between them, at least ten percent of the issued capital, have so requested the board of directors in writing at least seven days before the date on which the meeting is convened.

7. The notice shall further state the manner and the place where others than the shareholders who are permitted by law to attend the meeting must deposit documentary evidence of their right to attend, and the day on which this must take place at the latest, which day may not be set earlier than the seventh day prior to the meeting.

8. If a proposal to amend the company's Articles of Association is to be dealt with, a copy of that proposal, in which the proposed amendments are stated verbatim, shall be made available for inspection to the shareholders and others who are permitted by law to attend the meeting, at the office of the company, as from the day the meeting of shareholders is called until after the close of that meeting, and each of them shall be entitled, upon his request, to obtain a copy thereof, without charge.

Article 18

1. The general meeting of shareholders shall be presided over by the chairman of the board of directors or, in his absence, by the co-chairman or in the absence of the latter by the person chosen by the board of director to act as chairman for such meeting.

2. One of the persons present designated for that purpose by the chairman of the meeting shall act as secretary and take minutes of the business transacted. The minutes shall be confirmed by the chairman of the meeting and the secretary and signed by them in witness thereof.

3. If an official notarial record is made of the business transacted at the meeting then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary. Each director shall at all times have power to give instructions for having an official

notarial record made at the company's expense.

4. Shareholders and those permitted by law to attend the meetings may cause themselves to be represented at any meeting by a proxy duly authorized in writing, provided they shall notify the company in writing of their wish to be represented at such time and place as shall be stated in the notice of the meetings.

The board of directors may determine further rules concerning the deposit of the powers of attorney; these shall be mentioned in the notice of the meeting.

5. The chairman of the meeting shall decide on the admittance to the meeting of persons other than those who are entitled to attend.

6. The chairman may determine the time for which shareholders and others who are permitted to attend the general meeting of shareholders may speak if he considers this desirable with a view to the order by conduct of the meeting.

7. Every share shall confer the right to cast one vote.

8. all resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified herein. Blank votes shall not be counted as votes cast.

9. No voting rights shall be exercised in the general meeting of shareholders for shares owned by the company or by a subsidiary of the company; likewise no voting rights shall be exercised for shares of which the certificates of beneficial ownership are held by the company or the subsidiary. Usufructuaries of shares owned by the company and its subsidiaries shall however not be excluded from exercising their voting rights, if the usufruct was created before the shares were owned by the company or a subsidiary.

Article 19

1. Resolutions of shareholders shall alternatively be capable of being passed in writing - which shall include cable, telefax and telex messages - instead of at
a

general meeting of shareholders, provided that these are passed with a unanimous vote of all the shareholders who are entitled to vote.

2. The board of directors shall enter the resolutions that have been passed in the manner specified in the preceding paragraph of this article, in the register of minutes of the general meetings of shareholders.

AUDIT

Article 20

1. The general meeting of shareholders shall appoint an accountant as referred to in Article 393 of Book 2 of the Civil Code, to examine the annual accounts drawn up by the board of directors, to report thereon to the board of directors, and to express an opinion with regard thereto.

2. If the general meeting fails to appoint the accountant as referred to in paragraph 1 of this article, this appointment shall be made by the board of directors.

3. The appointment provided for in paragraph 1 may at all times be cancelled by the general meeting and if the appointment has been made by the board of directors, also by the board of directors.

FINANCIAL YEAR, ANNUAL ACCOUNTS AND DISTRIBUTION OF PROFITS

Article 21

1. The financial year of the company shall coincide with the calendar year.

2. The board of directors shall annually close the books of the company as at the last day of every financial year and shall within five months thereafter - subject to any extension of this time limit up to a maximum extension of six months, by the general meeting by reason of special circumstances - draw up annual accounts consisting of a balance sheet, a profit and loss account and explanatory notes, and shall within that period make these documents available to the shareholders for inspection at the offices of the company. The board of directors shall within that period similarly make the annual report

available to shareholders for inspection.

3. If the activity of the company or the international structure of its group justifies the same, its annual accounts or only its consolidated accounts may be prepared in a foreign currency.

4. The annual accounts shall be signed by all the directors; should any signature be missing, then this shall be mentioned in the annual accounts, stating the reason.

5. The company shall ensure that the annual accounts, the annual report and the particulars to be added in accordance with article 392 paragraph 1 of Book 2 of the Civil Code are available at its office as from the date on which the general meeting of shareholders at which they are intended to be dealt with is called. The shareholders and those who are permitted by law to attend the meetings of shareholders shall be enabled there to inspect these documents and to obtain copies thereof free of charge.

6. The general meeting of shareholders shall adopt the annual accounts; this adoption shall constitute a release from liability for the directors with relation to all acts that appear from those documents or the result of which is embodied therein, unless a provision has explicitly been made, and without prejudice to what has been or will be provided thereon by law.

Article 22

1. From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the board of directors shall determine.

2. Profits remaining thereafter shall be at the disposal of the general meeting of shareholders, subject to the provision of paragraph 7.

3. The general meeting of shareholders may declare and pay dividends in United States Dollars or in shares of the company or in the form of a combination thereof.

4. The company shall only have power to make

distributions to shareholders and other persons entitled to distributable profits to the extent the company's equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with provision of law. No distribution of profits may be made to the company itself for shares that the company holds in its own share capital.

5. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.

6. The board of directors shall have power to declare one or more interim dividends, provided that the requirements of the fourth paragraph hereof are duly observed as evidenced by an interim statement of assets and liabilities as referred to in article 105 paragraph 4 of Book 2 of the Civil Code. The provisions of paragraph 3 hereof shall apply mutatis mutandis.

7. The board of directors may determine that dividends or interim dividends, as the case may be, shall be paid, in whole or in part, from the company's share premium reserve or from any other reserve.

8. Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four weeks after declaration thereof - and notice thereof shall be given, as the board of directors shall determine.

9. Dividends and other distributions of profit, which have not been collected within six years after the same have become payable, shall become the property of the company.

DISSOLUTION AND WINDING UP

Article 23

1. In the event a resolution is passed to dissolve the company, the company shall be wound-up by the board of directors, unless the general meeting of shareholders should resolve otherwise.

2. The general meeting of shareholders shall appoint and decide on the remuneration of the liquidators.

3. Until the winding-up of the company has been completed, these Articles of Association shall to the extent possible, remain in full force and effect.

4. Whatever remains of the company's equity after all its debts have been discharged shall be distributed to the shareholders in proportion to the par value of the shares held by them. No liquidation distribution may be made to the company itself for shares that the company holds in its own share capital.

5. After the company has ceased to exist the books and records of the company shall remain in the custody of the person designated for that purpose by the liquidators during a ten-year period.

REGULATIONS OF THE
BOARD OF DIRECTORS

AMENDED AND RESTATED
DECEMBER 8, 1999

I. MEETINGS OF THE BOARD OF DIRECTORS

1. TIME AND PLACE OF MEETINGS

Regular meetings of the Board of Directors may be held at such time and place as the Board of Directors from time to time shall determine.

The person or persons authorized to call special meetings of the Board of Directors may fix the time and place of any such meeting.

2. NOTICE OF MEETINGS

Notice of each regular or special meeting of the Board of Directors shall be given by the Chairman of the Board of Directors or, in his or her absence, by the Co-Chairman, the Chief Executive Officer or the Secretary of the Board of Directors, to each director at his or her usual place of business or residence. The notice of the meeting shall state the time and place of the meeting and the business anticipated to be considered at the meeting.

Notice of regular meetings shall be given at least seven days before the date of the meeting. Such notice period may be shortened at the discretion of the Chairman of the Board of Directors or, in his or her absence, of the Co-Chairman, or of the Chief Executive Officer, for good cause and the taking of any such action by such officer shall be conclusive evidence that it was for good cause.

Notice of special meetings shall be given at least 24 hours prior to such meeting.

A meeting of the Board of Directors may be held at any time without notice if all the directors are present or if those not present waive notice either before or after the meeting.

Notice of each meeting of the Board of Directors shall be given either by (i) personal delivery, (ii) postal delivery in the form of first-class or overnight mail (with postage or other charges thereon prepaid) or other equivalent service available at the point of mailing, (iii) courier service, (iv) telegram (with charges prepaid), or (v) telecopy, electronic mail or other similar transmission. If sent by first-class mail or other equivalent service, such notice shall be deemed adequately delivered when deposited in the mails at least three days before the required period of notice. If by overnight mail, courier service or telegram, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail, courier service or telegraph company at least 24 hours before the required period of notice. If by telecopy, electronic mail or other similar transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before the required period of notice.

3. CALLING OF SPECIAL MEETINGS

Special meetings of the Board of Directors shall be held whenever called by direction of the Chairman of the Board of Directors or, in his or her absence, by the Co-Chairman, the Chief Executive Officer or by a majority of the total number of directors then in office.

4. ORGANIZATION

The Chairman of the Board of Directors or, in his or her absence, the Co-Chairman, the Chief Executive Officer or, in their absence, a director chosen by a majority of the directors present at a meeting, shall preside at, and act as Chairman of, each meeting of the Board of Directors.

The Secretary of the Board of Directors or, in his or her absence, an Assistant Secretary designated by the Chairman of the meeting or, in the absence of the Secretary and all Assistant Secretaries, any person designated by the Chairman of the meeting shall act as Secretary of each meeting of the Board of Directors.

The minutes of meetings of the Board of Directors shall be confirmed by the Chairman and the Secretary of the meeting, signed by them in witness thereof and filed with the minutes of the proceedings of the Board of Directors.

5. PROXY

A member of the Board of Directors may be represented at a meeting of the Board of Directors only by another Board member duly authorized in writing, and such authorization shall constitute presence by proxy at such meeting. A member of the Board of Directors may not act as a proxy for more than one other member of the Board of Directors.

6. PARTICIPATION

Members of the Board of Directors may participate in a meeting of the Board of Directors by means of telephone or video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

7. QUORUM

Except as otherwise required by applicable law or the Articles of Association of the Company, the presence either in person or by proxy of a majority of the total number of directors then in office shall be required and constitute a quorum for the transaction of business, including the adoption of resolutions. If at any meeting of the Board of Directors a quorum is not present, a majority of the directors present may adjourn the meeting from time to time, without notice other than adjournment at the meeting, until a quorum shall be present.

8. BOARD ACTION AT MEETING

The vote of the majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Each director shall have one vote. If there is a tie in a vote, the Chairman of the Board of Directors shall have a casting vote.

Resolutions shall be recorded either in the minutes of a meeting or in a separate document signed by all directors present at any meeting at which a quorum is present. Any such latter resolutions shall be filed with the minutes of the proceedings of the Board of Directors.

9. BOARD ACTION WITHOUT MEETING

Resolutions may be adopted by the Board of Directors without convening a meeting if all directors shall have expressed their opinions in writing, unless one or more directors shall object against a resolution being adopted in this way. A resolutions shall in this case be adopted if the majority of all

directors then in office shall have expressed themselves in favour of the resolution concerned. The Secretary of the Board of Directors, or, in his or her absence, any Assistant Secretary shall file any such resolution with the minutes of the proceedings of the Board of Directors.

10. AGENDA FOR MEETINGS

The Chairman of the Board of Directors or, in his or her absence, the Co-Chairman or, in their absence, the Chief Executive Officer will establish the agenda for each meeting of the Board of Directors. Each director is free to suggest the inclusion of items of business on the agenda.

11. MATERIALS DISTRIBUTED IN ADVANCE

Information and data that is important to the understanding of the items of business to be considered at a meeting of the Board of Directors shall be distributed in writing to directors to allow sufficient time for review prior to the meeting.

12. "IN WRITING" DEFINED

The expression "in writing" as used herein shall include any message transmitted by current means of communication and received in writing.

II. MEETINGS OF COMMITTEES OF THE
BOARD OF DIRECTORS

1. TIME AND PLACE OF MEETINGS

Meetings of Committees of the Board of Directors shall be held at such time and place as the Chairperson of the Committee or, in his or her absence or disability, a majority of the members of the Committee shall determine and call.

2. NOTICE OF MEETINGS

Notice of each meeting of a Committee of the Board of Directors shall be given by the Chairperson of the Committee or, in his or her absence, by the Secretary of the Board of Directors, to each Committee member at his or her usual place of business or residence. The notice of the meeting shall state the time and place of the meeting and the business anticipated to be considered at the meeting.

Notice of meetings of Committees of the Board of Directors shall be given at least seven days before the date of the meeting. Such notice period may be shortened at the discretion of the Chairperson of the committee for good cause and the taking of any such action shall be conclusive evidence that it was for good cause.

A meeting of a Committee of the Board of Directors may be held at any time without notice if all Committee members are present or if those not present waive notice either before or after the meeting.

Notice of each meeting of a Committee of the Board of Directors shall be given either by (i) personal delivery, (ii) postal delivery in the form of first-class or overnight mail (with postage or other charges thereon prepaid) or other equivalent service available at the point of mailing, (iii) courier service, (iv) telegram (with charges prepaid), or (v) telecopy, electronic mail or other similar transmission. If sent by first-class mail or other equivalent service, such notice shall be deemed adequately delivered when deposited in the mails at least three days before the required period of notice. If by overnight mail, courier service or telegram, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail, courier service or telegraph company at least 24 hours before the required period of notice. If by telecopy, electronic mail or other similar transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before the required period of notice.

3. ORGANIZATION

The Chairperson of a Committee of the Board of Directors or, in his or her absence, a Committee member chosen by a majority of the Committee members present at a meeting shall preside at, and act as Chairperson of, each meeting of such Committee.

The Secretary of the Board of Directors or, in his or her absence, an Assistant Secretary designated by the Chairperson of a meeting of a Committee of the Board of Directors or, in the absence of the Secretary and all Assistant Secretaries, any person designated by such Chairperson shall act as Secretary of each meeting of the Committee.

Notwithstanding anything to the contrary in the preceding paragraph, the Chairperson of a meeting of Committee of the Board of Directors may make a determination that such Chairperson or other member of the Committee shall record the proceedings of the meeting.

The minutes of meetings of a Committee of the Board of Directors shall be confirmed by the Chairperson and the Secretary of the meeting, signed by them in witness thereof and filed with the minutes of the proceedings of the Committee.

4. PARTICIPATION

Members of a Committee of the Board of Directors may participate in a meeting of such Committee by means of telephone or video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

5. QUORUM

Except as otherwise required by applicable law, the Articles of Association of the Company or the resolution of the Board of Directors designating the Committee, the presence in person of a majority of the total number of members of a Committee of the Board of Directors shall be required and constitute a quorum for the transaction of business, including the adoption of resolutions. If any meeting of a Committee of the Board of Directors a quorum is not present, a majority of the Committee members present may adjourn the meeting from time to time, without notice other than adjournment at the meeting, until a quorum shall be present.

Whenever a quorum cannot be secured for any meeting of a Committee of the Board of Directors from the members of such Committee, the member or members thereof present and not disqualified from voting may unanimously appoint one or more non-executive directors who are not regular members of the Committee to act at the meeting in the place of any absent or disqualified member or members of the Committee.

6. COMMITTEE ACTION AT MEETING

The vote of the majority of the members of a Committee of the Board of Directors present at any meeting at which a quorum is present shall be the act of the Committee. Each Committee member shall have one vote. if there is a tie in a vote, the Chairperson of the Committee shall have a casting vote.

Resolutions shall be recorded either in the minutes of a meeting or in a separate document signed by all Committee members present at any meeting at which a quorum is present. Any such latter resolutions shall be filed with the minutes of the proceedings of a Committee of the Board of Directors.

7. COMMITTEE ACTION WITHOUT MEETING

Resolutions may be adopted by a Committee of the Board of Directors without convening a meeting if all Committee members shall have expressed their opinions in writing, unless one or more committee members shall object against a resolution being adopted in this way. A resolution shall in this case be adopted if the majority of all Committee members shall have expressed themselves in favour of the resolution concerned. The Secretary of the Board of Directors or, in his or her absence, any Assistant Secretary shall file any such resolution with the minutes of the proceedings of the Committee.

8. AGENDA FOR MEETINGS

The Chairperson of a Committee of the Board of Directors, in consultation with other Committee members and appropriate members of management, will establish the agenda for each meeting of the Committee.

9. MATERIALS DISTRIBUTED IN ADVANCE

Information and data that is important to the understanding of the items of business to be considered at a meeting of a Committee of the Board of Directors shall be distributed in writing to Committee members to allow sufficient time for review prior to the meeting.

10. "IN WRITING" DEFINED

The expression "in writing" as used herein shall include any message transmitted by current means of communication and received in writing.

INTERCOMPANY CREDIT FACILITY

THIS AGREEMENT is made and entered as of this 28th day of October 1999, by and BETWEEN

- (1) FIAT FINANCE AND TRADE Ltd. S.A., 13 Rue Aldringen, L-111B Luxembourg hereinafter referred to as the LENDER,
- (2) NEW HOLLAND N.V.-Schiphol Boulevard 217, WTC Airport-1118BH Luchthaven Schiphol, Netherlands hereinafter referred to as the BORROWER

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 Save as otherwise provided in this Agreement, the following words and phrases have the following meanings throughout this Agreement:

ADVANCE: means the principal amount of an advance made or to be made by the Lender under this Agreement;

AVAILABLE FACILITY: means at any time in relation to the Lender the amount of the Facility less the amount of each Advance which has then been made hereunder;

BUSINESS DAY: means a day on which banks are open for foreign and domestic business in London and New York;

EVENT OF DEFAULT: means any of the events specified in Clause 8;

INTEREST PERIOD: means each of the periods determined in accordance with this Agreement for which a rate of interest is to be established hereunder;

US DOLLARS: means the lawful currency for the time being of the United States of America;

FINAL MATURITY DATE: means 28th October 2000.

LIBOR: means in respect of any period and amount the rate for deposits for such period in US Dollars which appears on the Reuters page FRBD (or such other page as may replace it) as of 11:00 a.m. on the second Business Day before the first day of that period. If no such rate is displayed in such page, Libor will be determined on the basis of the cost to the Lender of funding the relevant advance for the relevant duration, such cost to be comparable to the rate of interest on annual basis then paid to the international market by prime banks for deposit in the relevant duration;

LOAN: means the aggregate principal amount for the time being advanced and outstanding pursuant to this Agreement;

MARGIN: up to 0.25% per annum as shall have been agreed upon by the Lender and the Borrower;

PREPAYMENT DATE: in relation to any Advance, means the time of expiry of a notice of prepayment;

REPAYMENT DATE: in relation to any Advance, means the last day of the Interest Period thereof;

REVOLVING CREDIT FACILITY or FACILITY: means the revolving credit facility available in US Dollars granted to the Borrower in this Agreement.

2. THE FACILITY

2.1 Availability to the Borrower

The Lender grants to the Borrower, upon and subject to the conditions of this Agreement, a Revolving Credit Facility in the aggregate amount not exceeding USD 600,000,000 for a period of one year from the date of this Facility Agreement.

3. UTILISATION OF THE FACILITY

3.1 Conditions of Utilisation

Save as otherwise provided in this Agreement, an Advance will be made by the Lender to the Borrower on its request if:

- 3.1.1 the amount of such Advance does not exceed the Available Facility.
- 3.1.2 the amount of the proposed Advance which shall be an amount which is not less than USD 500,000.
- 3.1.3 the proposed term of such Advance shall be any period up to 6 months or such other longer period as may be agreed between the Lender and the Borrower.
- 3.1.4 any Interest Period would otherwise end on a day which is not a Business Day that Interest Period shall be extended to the next succeeding Business Day.
- 3.1.5 no Event of Default has occurred as of the proposed date of the making of such Advance.

3.2 Termination

The Lender has the right to terminate the Facility at any time, by giving to the Borrower not less than thirty days' prior notice to that effect (such notice hereinafter referred to as the "Termination Notice") whereupon:

- a) with effect from the date of expiry of such Termination Notice the amount of the Available Facility, if any, shall be cancelled and reduced to zero; and

- b) the loan with any interest and other amounts accrued and/or owing hereunder shall be repaid at maturity to the Lender; and
- c) upon repayment of all Advances the Facility shall be cancelled and reduced to zero.

4. INTEREST

4.1 Date of Payment

On the Repayment Date, relating to each Advance, the Borrower shall pay accrued interest on that Advance.

4.2 Rate of Interest

The rate of interest applicable to each Advance from time to time during its interest period shall be the rate per annum which is the sum of (1) Libor applicable to such Advance for such Interest Period and (2) the Margin at such time.

4.3 Computation of Interest

All payments of interest hereunder shall be calculated on the basis of the number of days elapsed and a year of 360.

5. REPAYMENT

5.1 Repayments Generally

Each Advance shall be repaid by the Borrower in full on the Repayment Date relating thereto. The Borrower shall not repay all or any part of any Advance outstanding hereunder except at the times and in the manner expressly provided herein but, subject to the terms and conditions hereof, shall be entitled to reborrow any amount repaid under this Clause 5.

5.2 Requirement to Gross-up

All payments to be made by the Borrower under this Agreement shall be made free and clear of and without deduction for or on account of tax unless the Borrower is required by law to make such a payment subject to the deduction or withholding of tax, in which case the sum payable by the Borrower in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made.

6. PREPAYMENT

The Borrower will have the option, by giving to the Lender not less than 30 days' prior notice to that effect, to prepay in whole or in part (being an amount or integral multiple of USD 500,000.) any advance as at the time of expiry of such notice. In this case, the Borrower shall pay the

advance (in whole or in part) together with accrued interest thereon on the Prepayment date for such Advance in the currency in which it is denominated without penalty subject to the payment to the Lender of the difference, if negative, between (a) the amount of interest which the Lender is able to obtain by placing an amount equal to the amount prepaid on deposit with prime banks in the relevant interbank market for the remainder of the relevant interest period, as soon as reasonably practicable after receipt thereof from the Borrower and (b) the amount of interest which would otherwise be payable to the Lender on the relevant amount received for the remainder of the relevant interest period (less the margin).

7. CANCELLATION

The Borrower may, by giving to the Lender not less than 30 day's prior notice to that effect, cancel the whole or any part of the Facility as at the time of expiry of such notice. Any such notice shall take effect on its expiry and shall reduce the Available Facility rateably.

8. EVENTS OF DEFAULT

- 8.1 the Borrower shall fail to pay when due any principal of or interest on the Loan or any other amount payable hereunder; or
- 8.2 the Borrower shall default in the due performance and observance of any other material provision contained in this Agreement and such default (if capable of remedy) shall remain unremedied for thirty days after notice thereof shall have been given by the Lender to the Borrower; or
- 8.3 any representation, warranty or statement made or deemed to be repeated in this Agreement by the Borrower hereunder or in connection herewith shall be at any time incorrect in any respect or any such representation, warranty or statement would, if made or repeated at any time with reference to the facts and circumstances then subsisting, be than incorrect; or
- 8.4 the Borrower shall propose, commence negotiations with a view to enter into any arrangement or composition with or for the benefit of its creditors or any of them, or if any receiver, trustee, custodian, liquidator or similar officer is appointed for it or for all or any part of its property, or if the Borrower is the subject, with or without its own consent, of any bankruptcy, insolvency, readjustment of debt, reorganisation, dissolution or other similar procedure, and such procedure continues undismissed or unstrayed for thirty (30) days after commencement; or
- 8.5 Fiat S.p.A., Turin, Italy shall cease to control directly or indirectly at least 50% of the voting share capital of the Borrower or, if the Borrower is merged into another company or such a merger is approved by the relevant corporate bodies of the Borrower, the surviving entity is no longer at least 50% directly or indirectly controlled by Fiat S.p.A.;

at any time after the occurrence of any event set out in this Clause 8 when such event is continuing unwaived, the Lender may by notice to the Borrower declare that this Facility shall be terminated and demand immediate repayment of all the Advances together with accrued interest to the date of actual repayment and any other sum due under the Facility. The Borrower shall indemnify the Lender against all losses or expenses reasonably incurred as a result of the occurrence of an Event of Default.

9. REPRESENTATIONS

The Borrower represents to the Lender as follows at present:

- 9.1 it is a company incorporated and validly existing and in good standing under the laws of its incorporation;
- 9.2 it has necessary corporate power to borrow under this Facility and has taken all necessary corporate and other action to authorise the execution, delivery and performance of this Facility Letter;
- 9.3 this Facility Letter has been duly executed and delivered by the Borrower, and constitutes legally binding, direct and unconditional obligations enforceable against the Borrower in accordance with its terms; and
- 9.4 the execution, delivery and performance of this Facility do not violate any provision of any existing law or regulation or statute applicable to it.

10. EXPENSES

The Borrower shall reimburse the Lender on demand for all reasonable charges and expenses incurred in connection with the enforcement of, or the preservation of any rights under, this Agreement (including legal and out-of-pocket expenses and all value added tax thereon), upon presentation of appropriate documentation.

Any notice to be given by either party hereunder to the other shall be given in writing to such party at its address stated above or such other address last notified to the other party for that purpose and shall be deemed to be given when dispatched (if given by telex), or when hand delivered to the relevant address or five days after posting (if given by mail) provided that any such notice shall be effective only when received.

11. ASSIGNMENT

This Agreement may not be assigned by any party hereto without the prior written consent of the other party.

12. LAW

This Agreement shall be governed by and construed in accordance with the laws of England and Wales.

13. JURISDICTION

- 13.1 Each of the parties hereto agrees, without prejudice to the right of either party to take proceedings in relation hereto before any other court of competent jurisdiction, that the courts of London shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise in relation hereto and, for such purposes, irrevocably submits to the jurisdiction of such courts.

- 13.2 The Lender agree that the process by which any suit, action or proceeding in the courts of England are begun may be served on the lender by being delivered by hand to Fiat Finance and Trade Ltd., UK Branch, Berkeley Square, London W1X 6AL or its other registered office for the time being.
- 13.3 The Borrower agree that the process by which any suit, action or proceeding in the courts of England are begun may be served on the Borrower by being delivered by hand to Fiat UK Limited, Berkeley Square, London W1X 6AL or its other registered office for the time being.

14. SEVERABILITY OF PROVISIONS

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, which shall remain in full force and effect.

15. NOTICES

15.1 Addresses

- 15.1.1 Any notice required to be given to the Lender shall be deemed properly given when addressed to the Lender at:

Fiat Finance and Trade Ltd., Luxembourg
c/o Fiat Finance and Trade Ltd., Luxembourg
Succursale di Paradiso
Riva Paradiso 14 - 6002 Lugano Paradiso
Switzerland

- 15.1.2 Any notice to be given to the Borrower hereunder should be deemed properly given when addressed to the Borrower at:

NEW HOLLAND N.V.
c/o NEW HOLLAND Limited
Attn. The Treasurer
950 Great West Road
Brentford Middlesex TW8 9ES
U.K.

16. COUNTERPARTS

This Agreement shall be executed in any number of counterparts, each of which shall constitute an original.

=====

28TH OCTOBER 1999

[FIAT LOGO]

[NEW HOLLAND LOGO]

CREDIT AGREEMENT RELATING TO A
\$2,400,000,000 TERM LOAN FACILITY
TO NEW HOLLAND N.V.
GUARANTEED BY FIAT S.P.A.

ARRANGED BY
CHASE MANHATTAN PLC
CREDIT SUISSE FIRST BOSTON

[CHASE LOGO] [CREDIT SUISSE/FIRST BOSTON LOGO]

[WILDE SAPTE LONDON LOGO]

=====

Conformed Copy

DATED 28TH October 1999

NEW HOLLAND N.V.
As Borrower

And

FIAT S.p.A.
As Guarantor

and

THE BANKS

And

CHASE MANHATTAN INTERNATIONAL LIMITED
As Agent

And

CHASE MANHATTAN plc
CREDIT SUISSE FIRST BOSTON
As Lead Arrangers

CREDIT AGREEMENT
relating to a
dollar term loan facility
of \$2,400,000,000

WILDE SAPTE
1 Fleet Place
London EC4M 7WS

Tel. 0171 246 7000
Fax 0171 246 7777

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THIS AGREEMENT is made on 28th October 1999

BY:

- (1) NEW HOLLAND N.V., a company incorporated in the Netherlands whose registered office is at Schiphol Boulevard 217, WTC Airport, 1118 BH Luchthaven Schiphol, The Netherlands (the "Borrower");
- (2) FIAT S.p.A., a company incorporated in the Republic of Italy whose registered office is at Via Nizza 250, 10126 Turin, Italy (the "Guarantor");
- (3) THE BANKS listed in Schedule 1;
- (4) CHASE MANHATTAN INTERNATIONAL LIMITED of Trinity Tower, 9 Thomas More Street, London E1 9YT as the Agent (as that term is defined below); and
- (5) CHASE MANHATTAN plc of 125 London Wall, London EC2Y 5AJ and CREDIT SUISSE FIRST BOSTON of 1-5 Cabot Square, London E14 4QR as the joint lead arrangers of the facility made available under this Agreement (the "Lead Arrangers").

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"ADDITIONAL COST RATE" means, in relation to a Participation of a Bank in an Advance, the aggregate cost, if any, certified by such Bank as the cost to it of complying with the reserve asset and other regulatory requirements of the European Central Bank and/or the Financial Services Authority in relation to that Participation or any class of loans of which that Participation forms part, expressed as a percentage rate per annum for the relevant Interest Period.

"ADVANCE" means an advance made or to be made to the Borrower under the Facility or, as the case may be, the outstanding principal amount of any such advance, and each advance into which an advance may be split pursuant to Clause 6.2.4.

"AGENCY FEES LETTER" means the letter dated 17 September 1999 from the Agent to the Obligors relating to certain fees payable to the Agent by the Borrower in relation to this Agreement.

"AGENT" means Chase Manhattan International Limited in its capacity as agent for the Banks and each successor agent appointed in accordance with Clause 16.12.

"ARRANGEMENT FEES LETTER" means the letter dated 17 September 1999 from the Lead Arrangers to the Obligors relating to certain fees payable to the Lead Arrangers by the Borrower in relation to this Agreement.

"AVAILABLE COMMITMENT" means, in relation to a Bank, its Commitment less its Participations in all outstanding Advances.

"AVAILABLE FACILITY" means the aggregate of the Available Commitments of the Banks.

"BANKS" means the banks and other financial institutions listed in Schedule 1 and any Bank Transferee, together with their respective successors in title, provided that any bank or financial institution which transfers all of its Commitment in accordance with Clause 21.4 shall cease to be a "Bank".

"BANK TRANSFEREE" has the meaning given to that term in Clause 21.4.2.

"BUSINESS DAY" means a day (other than a Saturday or Sunday) on which banks are open for general interbank business in London and New York.

"CERTIFIED COPY" means, in relation to a document, a copy of that document certified a true, complete and accurate copy, of the original by a duly authorized officer of the relevant company.

"CHANGE" means, in relation to a Bank (or any company of which that Bank is a Subsidiary), the introduction, implementation, repeal, withdrawal or change in, or in the official interpretation or application of (a) any law or regulation or (b) any official directive requirement, request or guidance (whether or not having the force of law but if not having the force of law, one which applies generally to a class or category of financial institution of which that Bank (or that company) forms part and compliance with which is in accordance with the general practice of those financial institutions) of the European Community, any central bank including the European Central Bank, Financial Services Authority, or any other fiscal, monetary or regulatory authority.

"COMMITMENT" means, in relation to a Bank, the amount set out opposite its name in Schedule 1 or, in relation to a Bank which becomes a Bank after the date hereof, under the heading "Amount of Commitment Transferred" in the schedule to the Transfer Certificate(s) pursuant to which it becomes a Bank, in each case as reduced or cancelled in accordance with this Agreement.

"DEFAULT" means any event specified as such in Clause 14.1.

"DOLLARS" and "\$" means the lawful currency for the time being of the United States of America.

"DRAWDOWN DATE" means the date on which an Advance is made, or is proposed to be made.

"DRAWDOWN NOTICE" means a notice substantially in the form set out in Schedule 3.

"DRAWDOWN PERIOD" means the period starting on the date of this Agreement and ending on the date falling 60 days after the date of this Agreement.

"ENCUMBRANCE" means any mortgage, charge, pledge, lien or any other security interest (other than arising by operation of law).

"FACILITY" means the Dollar term loan facility granted to the Borrower under this Agreement.

"FACILITY PERIOD" means the period starting on the date of this Agreement and ending on the date on which all the obligations and liabilities of the Obligors under the Financing

Documents are discharge in full and none of the Agent and the Banks has any continuing obligation in relation to the Facility.

"FINANCIAL YEAR" means, in relation to an Obligor, each accounting period of 12 months in respect of which it prepares its financial statements.

"FINANCE PARTIES" means the Banks, the Agent and the Lead Arrangers.

"FINANCING DOCUMENTS" means this Agreement, the Agency Fees Letter and the Arrangement Fees Letter.

"GAAP" means, in relation to a company, accounting principles, concepts, bases and policies generally adopted and accepted in the jurisdiction of its incorporation or, if appropriate, the international accounting principles formulated by the International Accounting Standards Committee.

"INDEBTEDNESS" means any obligation (whether incurred a principal or as surety) for the payment or repayment of borrowed money, whether present or future, including any contingent obligation in respect thereof by reason of any guarantee or other assumption of liability for obligation in respect thereof by reason of any guarantee or other assumption of liability for obligations of third parties and any actual or contingent obligation in respect of any interest rate swap or cross-currency swap or forward sale or purchase contract or other form of interest or currency hedging transaction.

"INFORMATION MEMORANDUM" means the information memorandum dated September 1999 and prepared by the Borrower in connection with this Agreement.

"INTEREST DATE" means the last day of an Interest Period.

"INTEREST PERIOD" means each period determined in accordance with Clause 6 for the purpose of calculating interest on Advances or overdue amounts.

"LENDING OFFICE" means, in relation to a Bank, the office set out under its name in Schedule 1 or in the schedule to its relevant Transfer Certificate, or such other office through which that Bank's Commitment is maintained an through which its Participation is made and maintained under this Agreement.

"LIBOR" means, in relation to an Advance or overdue amount and in relation to a particular Interest Period:

- (a) the interest rate for Dollar deposits (or, as the case may be, deposits in the currency of such overdue amount) for a period equal to that Interest Period which appears on the screen display designated a "Page 3750" on the Telerate Service (or such other screen display or service as may replace it for the purpose of displaying British Bankers' Association LIBOR Rates for Dollar deposits in the London interbank market) at or about 11:00 a.m. on the applicable Rate Fixing Day; and
- (b) if no such interest rate appears on the Telerate Service (or such replacement), the arithmetic mean (rounded upwards to 4 decimal places) of the rates per annum (as quoted to the Agent at its request) at which each Reference Bank was offering Dollar deposits (or, as the case may be, deposits in the currency of such overdue amount) in an amount comparable with that Advance or overdue amount, as the

case may be, to leading banks in the London interbank market for a period equal to that Interest Period at or about 11:00 a.m. on the applicable Rate Fixing Day.

"LOAN" means, at any time, the aggregate of all Advances outstanding at this time.

"MAJORITY BANKS" means a group of Banks whose Participations in the Advances together exceed 66 2/3 per cent. of all Advances or, at any time when no Advance is outstanding, a group of Banks whose Commitments together exceed 66 2/3 per cent. of the Total Commitments (taking no account, for the purposes of this definition, of the last sentence in Clause 14.2).

"MARGIN" means 0.375 per cent. per annum.

"OBLIGORS" means the Borrower and the Guarantor, and

"OBLIGOR" shall be construed accordingly.

"ORIGINAL FINANCIAL STATEMENTS" means:

- (a) in relation to the Borrower, its audited consolidated financial statements (including the notes thereto) for its Financial Year ended 31 December 1998; and
- (b) in relation to the Guarantor, its audited consolidated financial statements (including the notes thereto) for its Financial Year ended 31 December 1998.

"PARTICIPATION" means, in relation to a Bank and an Advance, the part of that Advance made available or to be made available by that Bank and thereafter the part of that Advance owing to that Bank from time to time.

"PARTY" means a party to this Agreement.

"PERMITTED ENCUMBRANCE" means:

- (a) any Encumbrance created or outstanding with the prior written consent of the Majority Banks; or
- (b) rights of set-off arising in the ordinary course of trading activities between either Obligor and its suppliers or customers; or
- (c) rights of set-off or netting arising by operation of law or by contract by virtue of the provision to either Obligor of clearing bank facilities or overdraft facilities; or
- (d) any retention of title to goods supplied to either Obligor where such retention is required by the supplier in the ordinary course of its trading activities and on customary terms and the goods in question are supplied on credit; or
- (e) Encumbrances (except floating charges) arising under finance leases, hire purchase, conditional sale agreements or other agreements for the acquisition of assets on deferred payment terms over the asset which is the subject matter of the relevant agreement; or
- (f) Encumbrances over any assets (or documents of title thereto) acquired by either Obligor after the date of this Agreement provided that:

- (i) any such Encumbrance is in existence before such acquisition and is not created in contemplation of such acquisition; and
- (ii) the amount secured by Encumbrance does not exceed, at any time, the maximum amount secured or agreed to be secured thereby (in accordance with the terms, as in force at the date of the acquisition of the asset concerned on which such Encumbrance was created as at the date of acquisition; or
- (g) any Encumbrance created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs or expenses where either Obligor is prosecuting or defending such action in the bona fide interest of such Obligor; or
- (h) any Encumbrance created pursuant to any order of attachment, distraint, garnishee order or injunction restraining disposal of assets or similar legal process arising in connection with court proceedings; or
- (i) any Encumbrances created in connection with the securitisation of receivables of either Obligor over the receivables to be securitised; or
- (j) any Encumbrance over any asset of either Obligor created to secure Indebtedness incurred by such Obligor either to fund the purchase of such asset or to fund the development and/or improvement of such asset; or
- (k) Encumbrances created by the Obligors and not otherwise permitted by paragraphs (a) to (j) above inclusive provided that the aggregate principal amount of Indebtedness secured by such Encumbrances shall not exceed US\$ 200,000,000 or its equivalent in other currencies.

"POTENTIAL DEFAULT" means an event which with the giving of notice or the lapse of time or the making any determination or fulfilment of any condition provided for in Clause 14 would or could reasonably be expected to constitute a Default.

"RATE FIXING DAY" means, in relation to any Interest Period, the day on which quotes are customarily given in the London interbank market for deposits in Dollars for delivery on the first day of that Interest Period.

"REFERENCE BANKS" means the principal London offices of The Chase Manhattan Bank, Credit Suisse First Boston and Deutsche Bank AG and such other bank or banks as may be agreed between the Agent (acting on the instructions of the Majority Banks) and the Borrower.

"REPAYMENT DATE" means the date falling 364 days after the date of this Agreement.

"RESERVATIONS" means the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally, the time-barring of claims under the Limitation Acts, rules against penalties and similar principles of law in other jurisdictions relevant in the context of the Financing Documents.

"SUBSIDIARY" means a subsidiary within the meaning of section 736 of the Companies Act 1985.

"TAXES" includes all present and future taxes, charges, imposts, duties, levies or withholdings of any kind whatsoever, or any amount of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same); and "Tax" and "Taxation" shall be construed accordingly.

"TOTAL COMMITMENTS" means the aggregate of the Commitments of the Banks.

"TRANSFER CERTIFICATE" means a document substantially in the form set out in Schedule 4.

"VAT" means value added tax as provided for in the Value Added Tax Act 1994 and legislation (or purported legislation and whether delegated or otherwise) supplemental to that Act or in any primary or secondary legislation promulgated by the European Community or any official body or agency of the European Community, and any tax similar of equivalent to value added tax imposed by any country other than the United Kingdom and any similar tax replacing or introduced in addition to any of the same.

1.2 HEADINGS

The headings in this Agreement are for convenience only and shall be ignored in construing this Agreement.

1.3 INTERPRETATION

In this Agreement (unless otherwise provided):

- (a) words importing the singular shall include the plural and vice versa;
- (b) references to Clauses and Schedules are to be construed as references to the clauses of, and schedules to this Agreement;
- (c) references to any Financing Document or any other document shall be construed as references to that Financing Document or that other document, as amended, varied, novated or supplemented;
- (d) references to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- (e) references to a document being "in the agreed form" means that document the form and content of which has been approved by the Agent and which has endorsed on it the words "in the agreed form" and which is initialled by or on behalf of the Agent and the Borrower;
- (f) references to "assets" shall include revenues and property and the right to revenues and property and rights of every kind, present, future and contingent and whether tangible or intangible (including uncalled share capital);

- (g) the words "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;
- (h) the words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible;
- (i) references to a "person" shall be construed so as to include that person's assigns, transferees or successors in title and shall be construed as including references to an individual, firm, partnership, joint venture, company, corporation, body corporate, unincorporated body of persons or any state or any agency of a state; and
- (j) references to time are to London time.

2. FACILITY

2.1 FACILITY

2.1.1 Subject to the terms of this Agreement, the Banks agree to make available to the Borrower a Dollar term loan facility in the maximum principal amount of \$2,400,000,000.

2.1.2 Notwithstanding any other term of this Agreement, no Bank shall be obliged to lend more than its Commitment.

2.2 OBLIGATIONS SEVERAL

2.2.1 The obligations of the Finance Parties under this Agreement are several.

2.2.2 The failure of a Finance Party to carry out its obligations under this shall not relieve any other Party of any of its obligations under this Agreement.

2.2.3 None of the Finance Parties shall be responsible for the obligations of any other Party under this Agreement.

2.3 RIGHTS SEVERAL

2.3.1 The rights of the Finance Parties under this Agreement are several. All amounts due, and obligations owed, to each of them are separate and independent debts or, as the case may be, obligations.

2.3.2 Each Finance Party may, except as otherwise stated in this Agreement; separately enforce its rights under this Agreement.

3. PURPOSE

3.1 PURPOSE

The Borrower shall use the proceeds of all Advances to finance a portion of the consideration payable for the direct and/or indirect acquisition by the Borrower of the entire issued share capital of Case Corporation and the costs and expenses relating thereto.

3.2 NO MONITORING

None of the Finance Parties shall be obliged to investigate or monitor the use or application of the proceeds of the Advances.

4. CONDITIONS PRECEDENT

Notwithstanding any other term of this Agreement, none of the Finance Parties shall be under any obligation to make the Facility available to the Borrower unless the Agent has notified the Borrower and the Banks that it has received all the documents listed in Schedule 2 (in form and content satisfactory to the Agent).

5. DRAWDOWN

5.1 DRAWDOWN PERIOD

Subject to the terms of this Agreement, an Advance shall be made to the Borrower at any time during the Drawdown Period when requested by means of a Drawdown Notice in accordance with this Clause 5. At the close of business on the day of the Drawdown Period the undrawn amount of each Bank's Commitment shall be automatically cancelled.

5.2 CONDITIONS TO EACH ADVANCE

The obligation of each Bank to make available its Participation in an Advance is subject to the conditions that on the date on which the relevant Drawdown Notice is given and on the Drawdown Date:

- (a) the representations and warranties in Clauses 12.1(a) to (d) inclusive to be repeated on those dates are correct and will be correct immediately after the Advance is made; and
- (b) no Default or Potential Default has occurred and is continuing or would occur on the making of the Advance.

5.3 DRAWDOWN NOTICE

5.3.1 Whenever the Borrower wishes an Advance to be made, it shall give a duly completed Drawdown Notice to the Agent to be received not later than 10.00 a.m. on the third Business Day before the Drawdown Date.

5.3.2 A Drawdown Notice shall be irrevocable and the Borrower shall be obliged to borrow in accordance with its terms.

5.4 LIMITATIONS ON ADVANCES

The following limitations apply to Advances:

- (a) the Drawdown Date of an Advance shall be a Business Day falling before the end of the Drawdown Period;
- (b) the principal amount of an Advance shall be:
 - (i) a minimum of \$100,000,000 and an integral multiple of \$25,000,000; or
 - (ii) the amount of the Available Facility;
- (c) no Advance shall be made if the making of that Advance would result in the aggregate of all Advances exceeding the Total Commitments; and
- (d) no more than 6 Advances may be outstanding at any one time.

5.5 NOTIFICATION TO BANKS

The Agent shall promptly notify each Bank of the details of each Drawdown Notice received by it.

5.6 PARTICIPATIONS

Subject to the terms of this Agreement, each Bank acting through its Lending Office shall make available to the Agent on the Drawdown Date for an Advance amount equal to its Participation in that Advance. A Bank shall participate in an Advance in the proportion borne by its Available Commitment to the Available Facility on the Drawdown Date of that Advance.

6. INTEREST

6.1 INTEREST RATE

Interest shall accrue on each Advance from and including the relevant Drawdown Date to but excluding the date the Advance is repaid at the rate determined by the Agent to be the aggregate of:

- (a) the Margin; and
- (b) LIBOR.

6.2 INTEREST PERIODS

- 6.2.1 Interest payable on each Advance shall be calculated by reference to successive Interest Periods of 1, 2, 3 or 6 months' duration (or such other Interest Period as the Agent, acting on the instructions of all the Banks, may allow) as selected by the Borrower in accordance with this Clause 6.2.

- 6.2.2 The Borrower shall select an Interest Period for an Advance in either the Drawdown Notice (in the case of the first Interest Period for an Advance) or (in the case of any subsequent Interest Period for an Advance) by notice received by the Agent no later than 3 Business Days before the commencement of that Interest Period.
- 6.2.3 The first Interest Period for an Advance shall begin on the Drawdown Date of that Advance. Each succeeding Interest Period for that Advance shall begin on the Interest Date of the previous Interest Period.
- 6.2.4 The Borrower may, by notice to the Agent at least 3 Business Days before an Interest Date relating to an Advance, elect that that Advance be split into two or more Advances of at least \$100,000,000 each (and being multiples of \$25,000,000). Any such notice shall take effect in accordance with its terms from that Interest Date, provided that there shall not be more than 6 Advances outstanding at any one time.
- 6.2.5 Subject to the other terms of this Agreement, if the Interest Periods for two or more Advances end on the same day those Advances shall be deemed to be a single Advance from that day.
- 6.2.6 If the Borrower fails to select an Interest Period for an Advance in accordance with Clause 6.2.2, that Interest Period shall, subject to the other provisions of this Clause 6, be 1 month.
- 6.2.7 If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- 6.2.8 If an Interest Period begins on the last Business Day in a calendar month or on a Business Day for which there is no numerically corresponding day in the calendar month in which that Interest Period is to end, it shall end on the last Business Day in that calendar month.
- 6.2.9 If an Interest Period would otherwise extend beyond the Repayment Date, it shall be shortened so that it ends on the Repayment Date.

6.3 DEFAULT INTEREST

- 6.3.1 If the Borrower fails to pay any amount payable under any Financing Document on the due date, it shall pay default interest on the overdue amount from the due date to the date of actual payment calculated by reference to successive Interest Periods (each of such duration as the Agent may acting reasonably select and the first beginning on the relevant due date) at the rate per annum being the aggregate of (a) 1.00 per cent. per annum, (b) the Margin and (c) LIBOR.
- 6.3.2 So long as the overdue amount remains unpaid, the default interest rate shall be recalculated in accordance with the provisions of this Clause 6.3 on the last day of each such Interest Period and any unpaid interest shall be compounded at the end of each Interest Period.

6.4 CALCULATION AND PAYMENT ON INTEREST

- 6.4.1 At the beginning of each Interest Period, the Agent shall notify the Banks and the Borrower of the duration of the Interest Period and the rate and amount of interest payable for the Interest Period (but in the case of any default interest calculated under Clause 6.3, any such

notification need not be made more frequently than weekly). Each notification shall set out in reasonable detail the basis of computation of the amount of interest payable.

6.4.2 Interest due from the Borrower under this Agreement shall:

- (a) accrue from day to day at the rate calculated under this Clause 6;
- (b) except as otherwise provided in this Agreement, be paid by the Borrower to the Agent (for the account of the Banks or the Agent, as the case may be) in arrear on each Interest Date, provided that for any Interest Period which is for longer than 6 months, the Borrower shall pay interest 6 monthly in arrear as well as on the relevant Interest Date;
- (c) be calculated on the basis of the actual number of days elapsed and a 360 day year; and
- (d) be payable both before and after judgement.

6.5 AGENT'S DETERMINATION

The determination by the Agent of any interest payable under this Clause 6 shall be conclusive and binding on the Borrower in the absence of manifest error.

7. REPAYMENT AND PREPAYMENT

7.1 REPAYMENT

The Borrower shall repay the Loan to the Agent (for the account of the Banks) on the Repayment Date.

7.2 VOLUNTARY PREPAYMENT

7.2.1 The Borrower may, by giving the Agent not less than 3 Business Days' prior notice, prepay the whole or part (but if in part, in a minimum amount of \$10,000,000 and an integral multiple of \$10,000,000) of any Advance.

7.2.2 Any notice of prepayment shall be irrevocable, shall specify the date on which the prepayment is to be made and the amount of the prepayment, and shall oblige the Borrower to make that prepayment. The Agent shall promptly notify the Banks of receipt of any such notice.

7.3 MANDATORY REDUCTION AND PREPAYMENT

7.3.1 The Total Commitments shall, on the date (a "REDUCTION DATE") the same is received by the Borrower or any of its Subsidiaries, be cancelled pro rata by the amount of the gross proceeds of any capital markets issue of the Borrower or any of its Subsidiaries other than New Holland Credit Company LLC, Case Capital Corporation and Subsidiaries of Case Capital Corporation (but excluding (i) the proceeds of any capital markets debt issue raised for working capital purposes and (ii) the proceeds of any equity issue made in order to refinance an equity bridging loan existing at the date of this Agreement).

7.3.2 Within 10 Business Days of a Reduction Date, the Borrower shall prepay such part of the Loan (if any) as if necessary to ensure that the Loan does not exceed the Total Commitments (as reduced on such Reduction Date).

7.4 ACCRUED INTEREST AND BROKEN FUNDING COSTS

Any prepayment shall be made together with accrued interest on the amount prepaid and any amounts payable under Clause 22.1.

7.5 EFFECT OF REPAYMENT OR PREPAYMENT

Any amount repaid or prepaid may not be re-borrowed and shall reduce each Bank's Commitment rateably.

7.6 LIMITATION

The Borrower may not repay or prepay all or any part of the Loan except as expressly provided in this Agreement.

8. CANCELLATION

8.1 CANCELLATION

The Borrower may, by giving the Agent not less than 3 Business Days' prior notice, cancel all or part of the Available Facility (but if in part, in a minimum amount of \$10,000,000 and an integral multiple of \$10,000,000).

8.2 NOTICE

Any notice of cancellation shall be irrevocable and shall specify the date on which the cancellation shall take effect and the amount of the cancellation. The Agent shall promptly notify the Banks of receipt of any such notice.

8.3 EFFECT OF CANCELLATION

The Borrower may not borrow any part of the Facility which has been cancelled. Any cancellation shall reduce each Bank's Commitment rateably.

8.4 LIMITATION

The Borrower may not cancel all or part of the Facility except as expressly provided in this Agreement.

9. CHANGES IN CIRCUMSTANCES

9.1 ILLEGALITY

If it is or becomes illegal for a Bank to maintain its Commitment or to continue to make available or fund its Participation in any Advance, then:

- (a) that Bank shall notify the Agent and the Borrower; and
- (b) (i) the Commitment of that Bank shall be cancelled immediately; and
 - (ii) the Borrower shall prepay to the Agent (for the account of that Bank) that Bank's Participation in all Advances (together with accrued interest on the amount prepaid and all other amounts owing to that Bank under this Agreement) within 5 Business Days of demand by that Bank (or, if permitted by the relevant law, on the next Interest Date of the relevant Advances).

Any such prepayment under paragraph (b)(ii) above shall be subject to Clause 22.1.

9.2 INCREASED COSTS

9.2.1 If, after the date of this Agreement, a Change occurs which causes an Increased Cost (as defined in Clause 9.2.3) to a Bank (or any company of which that Bank is a Subsidiary) then the Borrower shall pay (as additional interest) to the Agent (for the account of that Bank) within 10 Business Days of demand all amounts which that Bank certifies to be necessary to compensate that Bank (or any company of which that Bank is a Subsidiary) for the Increased Cost.

9.2.2 Any demand made under Clause 9.2.1 shall be made by the relevant Bank through the Agent and shall set out in reasonable detail so far as is practicable the basis of computation of the Increased Cost.

9.2.3 In this Clause 9.2:

"INCREASED COST" means any cost to, or reduction in the amount payable to, or reduction in the return on capital or regulatory capital achieved by, a Bank (or any company of which that Bank is a Subsidiary) to the extent that it arises, directly or indirectly, as a result of the Change and is attributable to the Commitment or Participation in any Advance of that Bank or the funding of that Bank's Participation in any Advance including any liability to make any payment on account of Tax or otherwise (other than Tax on Overall Net Income) on or calculated by reference to the amount of such Bank's Participation in any Advance and/or any sum received or receivable by it hereunder.

"TAX ON OVERALL NET INCOME" means, in relation to a person, Tax (other than Tax deducted or withheld from any payment) imposed on the net income of that person by the jurisdiction in which its Lending Office or its head office is situated.

9.2.4 The Borrower shall not be obligated to make a payment in respect of an Increased Cost under this Clause 9.2 if and to the extent that the Increased Cost has been compensated for by the operation of Clause 10.9 or the payment of the Additional Cost Rate.

9.2.5 If the Borrower is required to pay any amount to a Bank under this Clause 9.2, then, without prejudice to that obligation and so long as the circumstances giving rise to the relevant Increased Cost are continuing and subject to the Borrower giving the Agent and that Bank not less than 5 Business Day's prior notice (which shall be irrevocable), the Borrower may prepay all, but not part, of the Bank's Participation in the Advances together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22.1. On any such prepayment the Commitment of the relevant Bank shall be automatically cancelled.

9.2.6 In the event that the Borrower over-compensates a Bank under this Clause 9.2, such Bank shall promptly return to the Borrower an amount equal to the amount of over-compensation.

9.3 MARKET DISRUPTION

9.3.1 If, in relation to an Advance and a particular Interest Period selected by the Borrower in accordance with Clause 6.2.2;

(a) the Agent determines that, because of circumstances affecting the London interbank market generally, reasonable and adequate means do not exist for ascertaining LIBOR for the Advance for the Interest Period; or

(b) the Agent has been notified by a group of Banks whose Commitments together exceed 51 per cent. of the Total Commitments that in their reasonable opinion matching deposits may not be available to them in the London interbank market in the ordinary course of business to fund their Participations in that Advance for that Interest Period the Agent shall promptly notify the Borrower and the Banks of that event (such notice being a "Market Disruption Notice").

9.3.2 If a Market Disruption Notice applies to a proposed Advance, that Advance shall not be made unless the Borrower so requests. The Agent and the Borrower shall immediately enter into negotiations in good faith for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the interest rate for the Advance of for funding the Advance (whether in Dollars or another currency). Any substitute basis agreed by the Agent (with the consent of all the Banks) and the Borrower shall take effect in accordance with its terms and be binding on all the Parties.

9.3.3 If a Market Disruption Notice applies to an outstanding Advance or a proposed Advance that the Borrower has requested shall be made and, in each case, in respect of a particular Interest Period, then:

(a) the Agent and the Borrower shall immediately enter into negotiations in good faith for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the rate of interest for the Advance (whether in Dollars or another currency) for such Interest Period;

(b) any substitute basis agreed under Clause 9.3.3(a) by the Agent (with the consent of all the Banks) and the Borrower shall take effect in accordance with its terms and be binding on all the Parties;

(c) if no substitute basis is agreed under Clause 9.3.3(a), then, subject to Clause 9.3.4, each Bank shall (through the Agent) certify 1 day before the first day of such Interest Period a substitute basis for maintaining its Participation in the Advance which shall reflect the cost to the Bank of funding its Participation in the Advance from whatever sources it selects plus the Margin; and

(d) each substitute basis so certified shall be binding on the Borrower and the certifying Bank and treated as part of this Agreement.

9.3.4 So long as the circumstances giving rise to the Market Disruption Notice continue and subject to the Borrower giving the Agent and the Banks not less than 3 Business Days' prior notice (which shall be irrevocable), the Borrower may prepay the Advance to which the

Market Disruption Notice applies together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22.1.

9.4 MITIGATION

If any circumstances arise in respect of any Bank which would, or upon the giving of notice would, result in the operation of Clause 9.1, 9.2, 9.3 or 10.9 to the detriment of the Borrower, then that Bank shall:

- (a) promptly upon becoming aware of those circumstances and their results, notify the Agent and the Borrower; and
- (b) in consultation with the Agent and Borrower, take all such steps as it determines are reasonably open to it to mitigate the effects of those circumstances (including changing its Lending Office or consulting with the Borrower with a view to transferring some or all of its rights and obligations under this Agreement to another bank or other financial institution acceptable to the Borrower) in a manner which will avoid the circumstances in question and on terms acceptable to the Agent, the Borrower and that Bank,

provided that no Bank shall be obliged to take any steps which in its opinion would or might have an adverse effect on its business or financial condition or the management of its Tax affairs or cause it to incur any material costs or expenses.

9.5 CERTIFICATES

The certificate or notification of the Agent or, as the case may be, the relevant Bank as to any of the matters referred to in this Clause 9 shall be in reasonable detail and shall be prima facie evidence of the matters to which they relate.

10. PAYMENTS

10.1 PLACE AND TIME

All payments by the Borrower or a Bank under this Agreement shall be made to the Agent to its account at such office or bank in New York at such time as the Agent may notify to the Borrower or the Banks for this purpose.

10.2. FUNDS

All payments to the Agent under this Agreement shall be made for value on the due date in freely transferable and readily available funds.

10.3 DISTRIBUTION

- 10.3.1 Each payment received by the Agent under this Agreement for another Party shall, subject to Clauses 10.3.2 and 10.3.3, be made available by the Agent to that Party by payment (on the date and in the currency and funds of receipt) to its account with such office or bank in New York as it may notify to the Agent for this purpose by not less than 5 Business Days' prior notice.

10.3.2 The Agent may apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under this Agreement or in or towards the purchase of any amount of any currency to be so applied.

10.3.3 Where a sum is to be paid to the Agent under this Agreement for another Party, the Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Agent may, however, assume that the sum has been paid to it in accordance with this Agreement, and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Agent has paid a corresponding amount to another Party, that Party shall immediately on demand by the Agent refund the corresponding amount together with interest on that amount from the date of payment to the date of receipt, calculated at a rate determined by the Agent to reflect its cost of funds.

10.4 BUSINESS DAYS

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

10.5 CURRENCY

All payments under this Agreement relating to costs, losses, expenses or Taxes shall be made in the currency in which the relative costs, losses, expenses or Taxes were incurred. Any other amount payable under this Agreement shall, except as otherwise provided, be made in Dollars.

10.6 ACCOUNTS AS EVIDENCE

Each Bank shall maintain in accordance with its usual practice an account which shall, as between the Borrower and that Bank and, in the absence of manifest error, be prima facie evidence of the amounts from time to time advanced by, owing to, paid and repaid to that Bank under this Agreement.

10.7 PARTIAL PAYMENTS

10.7.1 If the Agent receives a payment insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the Agent shall apply that payment towards the obligations of the Borrower under this Agreement in the following order:

- (a) first, in or towards payment of any unpaid costs and expenses of the Agent under this Agreement;
- (b) second, in or towards payment pro rata of any accrued interest due but unpaid under this Agreement;
- (c) third, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

- (d) fourth, in or towards payment pro rata of any other sum due but unpaid under this Agreement.
- 10.7.2 The Agent shall, if so directed by all the Banks, vary the order set out in Clauses 10.1.(b) to (d).
- 10.7.3 Clauses 10.7.1 and 10.7.2 shall override any appropriation made by the Borrower.
- 10.8 SET-OFF AND COUNTERCLAIM
ALL payments by an Obligor under this Agreement shall be made without set-off or counterclaim.
- 10.9 GROSSING-UP
- 10.9.1 Subject to Clause 10.9.2, all sums payable to any Finance Party pursuant to or in connection with any Financing Document shall be paid in full free and clear of all deductions or withholdings whatsoever except only as may be required by law.
- 10.9.2 If any deduction or withholding is required by law in respect of any payment due from an Obligor to any Finance Party pursuant to or in connection with any Financing Document that Obligor shall:
 - (a) ensure or procure that the deduction or withholding is made and that it does not exceed the minimum legal requirement therefor;
 - (b) pay, or procure the payment of, the full amount deducted or withheld to the relevant Taxation or other authority in accordance with the applicable law;
 - (c) increase the payment in respect of which the deduction or withholding is required so that the net amount received by the payee (which expression when used in this Clause 10.9.2 shall mean any Finance Party) after the deduction or withholding (and after taking account of any further deduction or withholding which is required to be made as a consequence of the increase) shall be equal to the amount which the payee would have been entitled to receive in the absence of any requirement to make any deduction or withholding; and
 - (d) upon request by any payee, promptly deliver or procure the delivery to the relative payee of receipts reasonably evidencing each deduction or withholding which has been made.
- 10.9.3 If the Agent is obliged to make any deduction or withholding from any payment to any Bank (an "Agency Payment") which represents an amount or amounts received by the Agent from an Obligor under any Financing Document, that Obligor shall, after being notified by the relevant Bank of its intention to make a claim under this Clause 10.9.3, pay directly to that Bank such sum (an "Agency Compensating Sum") as shall, after taking into account any deduction or withholding which the Borrower is obliged to make from the Agency Compensating Sum, enable that Bank to receive, on the due date for payment of the Agency Payment, an amount equal to the Agency Payment which that Bank would have received in the absence of any obligation to make any deduction or withholding.

10.9.4 If any Bank determines, in its absolute discretion, that it has received, recovered, realised, utilised and retained a Tax benefit by reason of any deduction or withholding in respect of which an Obligor has made an increased payment or paid an Agency Compensating Sum under this Clause 10.9, that Bank shall, provided that each Finance Party has received all amounts which are then due and payable by the Obligors under any Financing Document, pay to such Obligor (to the extent that Bank can do so without prejudicing the amount of the benefit or repayment and the right of that Bank to obtain any other benefit, relief or allowance which may be available to it) such amount, if any, as that Bank, in its absolute discretion shall determine, will leave that Bank in no worse position than it would have been in if the deduction or withholding had not been required, provided that:

(a) each Bank shall have an absolute discretion as to the time at which and the order and manner in which it realises or utilises any Tax benefit and shall not be obliged to arrange its business or its Tax affairs in any particular way in order to be eligible for any credit or refund or similar benefit;

(b) no Bank shall be obliged to disclose any information regarding its business, Tax affairs or Tax computations;

(c) if a Bank has made a payment to an Obligor pursuant to this Clause 10.9.4 on account of any Tax benefit and it subsequently transpires that Bank did not receive that Tax benefit, or received a lesser Tax benefit, such Obligor shall, on demand, pay to that Bank such sum as that Bank may determine as being necessary to restore its after-tax position to that which it would have been had no adjustment under this Clause 10.9.4 been made provided that such sum shall not exceed the amount paid to the Obligor by the Bank pursuant to this Clause 10.9.4.

10.9.5 No Bank shall be obliged to make any payment under Clause 10.9.4 if, by doing so, it would contravene the terms of any applicable law or any notice, direction or requirement of any governmental or regulatory authority (whether or not having the force of law).

10.9.6 If an Obligor is required to make an increased payment for the account of a Bank under Clause 10.9.2 or 10.9.3, then, without prejudice to that obligation and so long as such requirement exists and subject to the Borrower giving the Agent and that Bank not less than 5 Business Days' prior notice (which shall be irrevocable), the Borrower may prepay all, but not part, of that Bank's Participation in the Advances together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22.1. On any such prepayment the Commitment of the relevant Bank shall be automatically cancelled.

10.9.7 Each Bank confirms to the Borrower that, as at the date such Bank becomes a Party, the Borrower will be entitled to make payments to that Bank in accordance with this Agreement without deduction or withholding for or on account of any Taxes under the laws of the Netherlands.

11. GUARANTEE

11.1 GUARANTEE

Subject to and with the benefit of the provisions in Clause 11.2, the Guarantor hereby unconditionally and irrevocably guarantees to the Finance Parties that if, for any reason, the Borrower does not pay any sum from time to time payable by it to any Finance Party under

this Agreement (including any other amount of whatever nature or additional amounts which may become payable under any of the foregoing) as and when the same shall become due and payable under any of the foregoing, it shall on demand pay in the currency in which the same falls due for payment under the terms of this Agreement, all moneys which are now or at any time hereafter shall have become due or owing by the Borrower to any or all of the Finance Parties pursuant to this Agreement.

11.2. GUARANTEE PROVISIONS

- 11.2.1 The guarantee (the "Guarantee") given pursuant to this clause 11 is a continuing security and shall remain in full force and effect until all moneys, obligations and liabilities referred to in Clause 11.1 have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of the Borrower or in the name and style of the Borrower or any settlement of account or other matter whatsoever.
- 11.2.2 The Guarantee is in addition to and shall not merge with or otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity or security and may be enforced without first having recourse to the same or any other bill, note, mortgage, charge, pledge or lien now or hereafter held by or available to any Finance Party.
- 11.2.3 Notwithstanding that the Guarantee ceases to be continuing for any reason whatever any of the Finance Parties may continue any accounts of the Borrower or open one or more new accounts and the liability of the Guarantor hereunder shall not be reduced or affected by any subsequent transactions or receipts or payments into or out of any such accounts.
- 11.2.4 The Guarantor hereby unconditionally and irrevocably agrees that any sum expressed to be payable by the Borrower under this Agreement but which is for any reason (whether or not now known or becoming known to the Borrower, the Guarantor or any Finance Party) not recoverable from the Guarantor on the basis of the Guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Finance Parties on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by all or any of the Finance Parties.
- 11.2.5 The Guarantor will be liable under the Guarantee as if it were the sole principal debtor and not merely a surety. The liability of the Guarantor shall not be affected nor shall the Guarantee be discharged or diminished by reason of anything which would not discharge it or affect its liability if it were the sole principal debtor, including:
- (a) any time, indulgence, waiver or consent at any time given to the Borrower or any other person;
 - (b) any amendment to the Financing Documents;
 - (c) the making or absence of any demand on the Borrower or any other person for payment;
 - (d) the enforcement or absence of enforcement of any of the provisions of this Agreement;
 - (e) the release of any guarantee or indemnity;

- (f) the dissolution, amalgamation, reconstruction or reorganisation of the Borrower or any other person;
- (g) the illegality, invalidity or unenforceability of or any defect in any provision of the Financing Documents or any of the Borrower's obligations under any of them; or
- (h) any other act, event or omission which but for this paragraph (h) might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor in this Agreement or any of the rights, powers or remedies conferred upon the Finance Parties by this Guarantee or by law.

11.2.6 The Guarantor agrees that, during the Facility Period, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- (a) to be indemnified by the Borrower;
- (b) to claim any contribution from any other guarantor of the Borrower's obligations under or in respect of the Facility;
- (c) to take the benefit (in whole or in part) of any security enjoyed in connection with the Facility by any Finance Party; or
- (d) to be subrogated to the rights of any Finance Party against the Borrower in respect of amounts paid by the Guarantor under this Guarantee.

11.2.7 Any settlement or discharge between the Guarantor and the Finance Parties or any of them shall be conditional upon no payment to the Finance Parties or any of them by the Borrower or any other person on the Borrower's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Finance Parties shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred provided that such recovery is not contrary to any law applicable thereto.

11.2.8 If any payment received by a Finance Party is, on the subsequent liquidation or insolvency of the Borrower, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment had at times remained owing by the Borrower.

11.2.9 The Finance Parties shall not be obliged before exercising any of the rights, powers or remedies conferred upon them by the Guarantee or by law:

- (a) to make any demand of the Borrower;
- (b) to take any action or obtain judgement in any court against the Borrower or any other person; or
- (c) to make or file any claim or proof in a bankruptcy or liquidation of the Borrower or any other person.

12 REPRESENTATIONS AND WARRANTIES

12.1 REPRESENTATIONS AND WARRANTIES

Each Obligor represents and warrants to each Finance Party that:

- (a) STATUS: it is a limited company duly incorporated under the laws of its jurisdiction of incorporation and it possesses the capacity to sue and be sued in its own name and has the power to carry on its business and to own its property and other assets;
- (b) POWERS AND AUTHORITY: it has power to execute, deliver and perform its obligations under the Financing Documents and to carry out the transactions contemplated by those documents and all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same;
- (c) BINDING OBLIGATIONS: subject to the Reservations, its obligations under the Financing Documents constitute its legal, valid, binding and enforceable obligations;
- (d) CONTRAVENTIONS: the execution, delivery and performance by it of the Financing Documents does not:
 - (i) contravene any applicable law or regulation or any order of any governmental or other official authority, body or agency or any judgement, order or decree of any court having jurisdiction over it, or
 - (ii) contravene or conflict with its constitutional documents;
- (e) INSOLVENCY: it has not taken any action nor (to the best of its knowledge, information and belief) have any steps been taken or legal proceedings been started against it for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrative receiver, or administrator, trustee or similar officer of it or of a material part of its assets;
- (f) NO DEFAULT: to the best of its knowledge, information and belief it is not in breach of or in default in any material respect under any agreement relating to Indebtedness to which it is a party or which is binding on it or any of its assets to an extent which would have a material adverse effect on the ability of that Obligor to comply with its payment obligations under this Agreement;
- (g) LITIGATION: to the best of its information, knowledge and belief, no action, litigation, arbitration or administrative proceeding has been commenced or is pending against it which would have a material adverse effect on the ability of that Obligor to comply with its payment obligations under the Financing Documents;
- (h) ORIGINAL FINANCIAL STATEMENTS: the Original Financial Statements of that Obligor were prepared in accordance with GAAP and give a true and fair view of that Obligor's financial position at the date to which they were prepared and the

results of that Obligor's operations during the Financial Year of that Obligor to which they relate;

(i) INFORMATION MEMORANDUM:

- (i) the information contained in the Information Memorandum is true and accurate in all material respects as at its date; and
- (ii) the Information Memorandum did not omit any information which would make any fact or statement in it misleading in any material respect;

(j) NO MATERIAL ADVERSE CHANGE: since the date of its Original Financial Statements no event has occurred which has had a material adverse effect on its business or financial condition; and

(k) MARGIN STOCK: the proceeds of the Advances have not been used to buy, purchase or maintain any Margin Stock which would impose regulatory requirements under, and as such term is defined in, Regulation U of the Board of Governors of the Federal Reserve of the United States of America.

12.2 REPETITION

The representations and warranties in Clause 12.1(a) to (d) shall survive the execution of this Agreement and shall be deemed to be repeated by each Obligor on the date on which each Drawdown Notice is given and on the date on which each Advance is made with reference to the facts and circumstances existing at that time.

13. UNDERTAKINGS

13.1 INFORMATION UNDERTAKINGS

Each Obligor undertakes that during the Facility Period it shall, unless the Agent (acting on the instructions of the Majority Banks) otherwise agrees:

- (a) ANNUAL STATEMENTS: as soon as the same become available (and in any event within 210 days after the end of each of its Financial Years), deliver to the Agent in sufficient copies for all the Banks its audited consolidated financial statements for each such Financial Year;
- (b) SEMI-ANNUAL STATEMENTS: as soon as the same become available (and in any event within 120 days after the end of the first half of each of its Financial Years), deliver to the Agent in sufficient copies for all the Banks its unaudited consolidated interim financial statements for each such half-year but, in relation to the Borrower, only to the extent such unaudited interim financial half year statements are actually being prepared by the Borrower; and
- (c) SHAREHOLDER'S DOCUMENTS: deliver to the Agent as soon as reasonably practicable in sufficient copies for all the Banks all documents despatched by it to its creditors generally, or in the case of the Guarantor, to its shareholders generally.

13.2 POSITIVE UNDERTAKINGS

Each Obligor undertakes that during the Facility Period it shall, unless the Agent (acting on the instructions of the Majority Banks) otherwise agrees:

- (a) **AUTHORISATIONS:** obtain, maintain and comply with the terms of any authorisation, approval, licence, consent, exemption, clearance, filing or registration required in or by the laws and regulations of its jurisdiction of incorporation to enable it to lawfully enter into and perform its obligations under, or for the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of, each Financing Document;
- (b) **RANKING OF OBLIGATIONS:** ensure that its obligations under the Financing Documents shall at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations (whether actual, contingent, present or future) except for any obligations which are mandatorily preferred by law; and
- (c) **NOTIFICATION OF DEFAULT:** promptly, upon becoming aware of the same, notify the Agent of the occurrence of a Default or Potential Default and, upon receipt of a written request to that effect from the Agent, confirm to the Agent that, save as previously notified to the Agent or as notified in such confirmation, no Default or Potential Default has occurred.

13.3 NEGATIVE PLEDGE

Each Obligor undertakes that during the Facility Period it shall not, unless the Agent (acting on the instructions of the Majority Banks) otherwise agrees, create any Encumbrance (other than a Permitted Encumbrance) over any of its present or future assets to prefer any of its Indebtedness unless such Encumbrance or such other security as the Agent (acting on the instructions of the Majority Banks) considers equivalent thereto is at the same time extended equally and ratably to the obligations of such Obligor under the Financing Documents.

14. DEFAULT

14.1 DEFAULT

Each of the following shall be a Default:

- (a) **NON-PAYMENT:** either of the Obligors does not pay on the due date any amount payable by it under this Agreement at the place at and in the currency and funds in which it is expressed to be payable unless the failure to pay such amount is due solely to administrative or technical delays in the transmission of funds and such amount is paid within 5 Business Days after its due date for payment; or
- (b) **OTHER DEFAULTS:** either of the Obligors breaches any of its obligations under any Financing Document (other than the obligations referred to in Clause 14.1(a)) and if that breach is capable of remedy, it is not remedied within 30 days after written notice of that breach has been given by the Agent to the relevant Obligor; or

- (c) BREACH OF REPRESENTATION OR WARRANTY: any representation, warranty or statement made or deemed to be repeated by either of the Obligors under this Agreement or in any document delivered by it or on its behalf under or in connection with this Agreement is or proves to have been incorrect or misleading when made or deemed to have been repeated; or
- (d) UNLAWFULNESS OR REPUDIATION: it is unlawful for either of the Obligors to perform or comply with, or either of the Obligors repudiates, any of its obligations under any Financing Document or, subject to the Reservations, any of those obligations is not legal, valid, binding, effective and enforceable; or
- (e) CROSS-ACCELERATION: either or both of the Obligors:
 - (a) becomes bound to repay prematurely any Indebtedness by reason of a default by either of the Obligors which default is followed by an appropriate demand for such repayment; or
 - (b) fails to make any payment of principal, premium or interest in respect of any Indebtedness on the due date for such payment or within any grace period specified in the agreement or other instrument constituting such Indebtedness,

where such Indebtedness is in an aggregate amount in excess of US\$50,000,000 (or its equivalent in other currencies), except where such Obligor is taking action by appropriate proceedings in good faith to dispute the validity of the obligation to repay prematurely such Indebtedness or to make such payment, as the case may be, and unless such default or failure to pay shall have been waived by the person to whom the relevant Indebtedness is payable; or
- (f) ATTACHMENT OR DISTRESS: a creditor or encumbrancer attaches or takes possession of or a receiver or similar officer is appointed over the whole or any material part of the assets of either of the Obligors, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, the whole or any material part of the assets of either of the Obligors and such process is not discharged within 30 days; or
- (g) INABILITY TO PAY DEBTS: either of the Obligors:
 - (i) suspends payment of its debts generally or is unable or admits its inability to pay generally as they fall due; or
 - (ii) proposes or enters into any composition or other arrangement for the benefit of its creditors generally; or
 - (iii) has proceedings commenced against it with a view to the readjustment or rescheduling of any of its Indebtedness which it would not otherwise be able to pay as it fell due; or
- (h) INSOLVENCY PROCEEDINGS: either of the Obligors:
 - (i) is adjudicated or found insolvent; or

- (ii) has an order made against it by any competent court or passes a resolution for its winding-up or dissolution or for the appointment of a liquidator, administrator, trustee, receiver, administrative receiver or similar officer in respect of it or the whole or any substantial part of its assets; or
- (i) ANALOGOUS PROCEEDINGS: any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of the events mentioned in Clause 14.1(f), (g) or (h); or
- (j) CESSATION OF BUSINESS: either of the Obligors suspends, ceases or threatens to suspend or cease to carry on its business unless such cessation, or threatened cessation, is in connection with a merger, consolidation or any other form of combination with another company and such company assumes all obligations of the Borrower or the Guarantor respectively under the Financing Documents; or
- (k) CHANGE OF CONTROL: the Guarantor ceases to be the beneficial owner of shares in the issued share capital of the Borrower carrying the right to exercise more than 50 per cent. of the votes exercisable at a general meeting of the Borrower or otherwise ceases to exercise control over the Borrower; or
- (l) GOVERNMENTAL INTERVENTION: all or a material part of the assets, rights or revenues of, or shares or other ownership interests in, either of the Obligors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

14.2 ACCELERATION

If a Default occurs and remains unremedied the Agent may, and shall if so instructed by the Majority Banks, by notice to the Borrower:

- (a) cancel the Facility and require the Borrower immediately to repay the Loan together with accrued interest and all other sums payable under this Agreement, whereupon they shall become immediately due and payable; or
- (b) place the Facility on demand, whereupon the Loan together with accrued interest and all other sums payable under this Agreement shall become repayable on demand made by the Agent on the instructions of the Majority Banks.

Upon the service of any such notice by the Agent the Commitment of each Bank shall be cancelled.

15. PRO RATA SHARING

15.1 REDISTRIBUTION

If any amount owing by an Obligor under this Agreement to a Bank (the "Sharing Bank") is discharged by voluntary or involuntary payment, set-off or any other manner other than through the Agent in accordance with Clause 10, then:

- (a) the Sharing Bank shall immediately notify the Agent of the amount discharged and the manner of its receipt of recovery;
- (b) the Agent shall determine whether the amount discharged is in excess of the amount which the Sharing Bank would have received had the amount discharged been received by the Agent and distributed in accordance with Clause 10;
- (c) the Sharing Bank shall pay the Agent an amount equal to that excess (the "Excess Amount") within 5 Business Days of demand by the Agent;
- (d) the Agent shall treat the Excess Amount as it were a payment by such Obligor under Clause 10 and shall pay the Excess Amount to the Banks (other than the Sharing Bank) in accordance with Clause 10.7; and
- (e) as between such Obligor and the Sharing Bank the Excess Amount shall be treated as not having been received or recovered, and accordingly the Borrower shall owe the Sharing Bank an immediately payable debt equal to the Excess Amount.

15.2 LEGAL PROCEEDINGS

Notwithstanding Clause 15.1, no Sharing Bank shall be obliged to share any Excess Amount which it receives or recovers pursuant to legal proceedings taken by it to recover any sums owing to it under this Agreement with any other Bank which has a legal right to, but does not, either join in such proceedings or commence and diligently pursue separate proceedings to enforce its rights, unless the proceedings instituted by the Sharing Bank are instituted by it without prior notice having been given to such Bank through the Agent and an opportunity to such Bank to join in such proceedings.

15.3 REVERSAL OF REDISTRIBUTION

If any Excess Amount subsequently has to be wholly or partly refunded to an Obligor by a Sharing Bank which has paid an amount equal to that Excess Amount to the Agent under Clause 15.1, each Bank to which any part of that amount was distributed shall on request from the Sharing Bank repay to the Sharing Bank that Bank's proportionate share of the amount which has to be so refunded by the Sharing Bank.

15.4 INFORMATION

Each Bank shall on request supply to the Agent such information as the Agent may from time to time request for the purpose of this Clause 15.

16. THE AGENT, THE LEAD ARRANGERS AND THE BANKS

16.1 APPOINTMENT AND DUTIES

- 16.1.1 Each Bank irrevocably appoints the Agent to act as its agent in connection with this Agreement and irrevocably authorises the Agent on its behalf to perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with this Agreement together with any other incidental rights, powers and discretions.

- 16.1.2 The Agent shall have no duties or responsibilities except those expressly set out in this Agreement. As to any matters not expressly provided for, the Agent shall act in accordance with the instructions of the Majority Banks (but in the absence of any such instructions shall not be obliged to act). Any such instructions, and any action taken by the Agent in accordance with those instructions, shall be binding upon all the Banks.
- 16.1.3 The Agent may:
- (a) act in an agency, trustee, fiduciary or other capacity on behalf of any other banks or financial institutions providing facilities to an Obligor or any associated company of an Obligor, as freely in all respects as if it had not been appointed to act as agent for the Banks under this Agreement and without regard to the effect on the Banks of acting in such capacity; and
 - (b) subscribe for, hold, be beneficially entitled to or dispose of shares or securities, or options or other rights to and interests in shares or securities in an Obligor or any associated company of an Obligor (in each case, without liability to account).
- 16.1.4 Each division or department of the Agent (including, for so long as Chase Manhattan International Limited is the Agent, the Loans Agency Department of Chase Manhattan International Limited) shall be treated as a separate entity from any other division or department of the Agent. If any of the Agent's divisions or departments (including, in the case of Chase Manhattan International Limited, its Loans Agency Department) should act for an Obligor in any capacity (whether as bankers or otherwise) in relation to any other matter, any information given by such Obligor to any such division or department may be treated as confidential and the Agent shall, as between itself and Banks, not be obliged to disclose the same to any Bank or any other person.
- 16.1.5 It is acknowledged that the role of the Lead Arrangers is and has been confined solely to arranging the Facility and that in such capacity they shall have no obligations and liabilities in relation to this Agreement.
- 16.2 PAYMENTS
- 16.2.1 The Agent shall promptly account to the Lending Office of each Bank for such Bank's due proportion of all sums received by the Agent for such Bank's account, whether by way of repayment or prepayment of principal or payment of interest, fees or otherwise.
- 16.2.2 The Agent shall maintain a memorandum account showing the principal amount of each Advance outstanding under this Agreement and the amount of each Bank's Participation in the Advances.
- 16.2.3 Each Bank confirms in favour of the Agent that, unless it notifies the Agent to the contrary:
- (a) it will be the beneficial owner of any interest paid to it under this Agreement; and
 - (b) it is either:-
 - (i) a "bank" within Section 840A of the Income and Corporation Taxes Act 1988; or

- (ii) an entity not resident in the United Kingdom (for the purposes of the Income and Corporation Taxes Act 1988); and
- (c) it will provide the Agent with such evidence or information as the Agent may reasonably require from time to time to enable the Agent to comply with statutory obligations relating to the performance of its obligations under this Agreement.

16.3 DEFAULT

The Agent shall not be obliged to monitor or enquire as to whether or not a Default or Potential Default has occurred. The Agent shall be entitled to assume that no Default or Potential Default has occurred unless it receives notice to the contrary from the Borrower or any Bank describing the Default or Potential Default and stating that such notice is a "Default Notice" or unless it is aware of a payment default under this Agreement, in which case it shall promptly notify each Bank.

16.4 RELIANCE

The Agent may:

- (a) rely on any communication or document believed by it to be genuine and correct and to have been communicated or signed by the person by whom it purports to be communicated or signed; and
- (b) engage, pay for and rely on the advice of any professional advisers selected by it given in connection with this Agreement or any of the matters contemplated by this Agreement,

and shall not be liable to any Party for any of the consequences of such reliance except in case of negligence or wilful misconduct.

16.5 LEGAL PROCEEDINGS

16.5.1 The Agent shall not be obliged to take or commence any legal action or proceeding against an Obligor or any other person arising out of or in connection with this Agreement until it shall have been indemnified or secured to its satisfaction against all costs, claims and expenses (including any costs award which may be made against it as a result of any such legal action or proceeding not being successful) which it may expend or incur in such legal action or proceeding.

16.5.2 The Agent may refrain from doing anything which might in its opinion constitute a breach of any law or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

16.6 NO LIABILITY

16.6.1 Neither the Agent nor any of its officers, employees or agents shall be liable for any action taken or not taken by it or any of them under or in connection with this Agreement unless directly caused by its or their negligence or wilful misconduct.

16.6.2 Neither the Agent nor the Lead Arrangers shall be responsible for any statements, representations or warranties in this Agreement or for any information supplied or provided to any Bank by the Agent or the Lead Arrangers in respect of an Obligor or any other person or for any other matter relating to this Agreement or for the execution, genuineness, validity, legality, enforceability or sufficiency of this Agreement or any other document referred to in this Agreement or for the recoverability of any Advance or any other sum to become due and payable under this Agreement.

16.7 CREDIT DECISIONS

16.7.1 Each Bank:

- (a) acknowledges that it has, independently and without reliance on the Agent and the Lead Arrangers, made its own analysis of the transaction contemplated by, and reached its own decision to enter into, this Agreement and made its own investigation of the financial condition and affairs and its own appraisal of the creditworthiness of each Obligor; and
- (b) agrees that it shall continue to make its own independent appraisal of the creditworthiness of each Obligor.

16.7.2 Each Bank agrees that it shall, independently and without reliance on the Agent and the Lead Arrangers, make its own decision to take or not take action under this Agreement.

16.8 INFORMATION

16.8.1 The Agent shall provide the Banks with all information and copies of all notices which are given to it and which by the terms of this Agreement are to be provided or given to the Banks.

16.8.2 Except as specifically provided in this Agreement, the Agent shall not be under any duty or obligation:

- (a) either initially or on a continuing basis, to provide any Bank with any credit information or other information with respect to the financial condition of an Obligor or which is otherwise relevant to the Facility; or
- (b) to request or obtain any certificate, document or information from an Obligor unless specifically requested to do so by a Bank in accordance with this Agreement.

16.9 RELATIONSHIP WITH BANKS

16.9.1 In performing its functions and duties under this Agreement, the Agent shall act solely as the agent for the Banks and except as expressly provided in this Agreement shall not be deemed to be acting as trustee for any Bank and shall not assume or be deemed to have assumed any obligation as agent or trustee for, or any relationship of agency or trust with, an Obligor.

16.9.2 None of the Agent, the Lead Arrangers or any Bank shall be under any liability or responsibility of any kind to either Obligor or any other Bank arising out of or in relation to any failure or delay in performance or breach by either Obligor or any other Bank of any of its or their respective obligations under this Agreement.

16.10 Agent's position

16.10.1 With respect to its own Participation in an Advance, the Agent shall have the same rights and powers under and in respect of this Agreement as any other Bank and may exercise those rights and powers as though it were not also acting as agent for the Banks. The Agent may, without liability to account, accept deposits from, lend money to and generally engage in any kind of banking, finance, advisory, trust or other business with or for either Obligor as if it were not the agent for the Banks under this Agreement.

16.10.2 The Agent may retain for its own use and benefit (and shall not be liable to account to any Bank for all or any part of) any sums received by it by way of agency or management or arrangement fees or by way of reimbursement of expenses incurred by it.

16.11 Indemnity

Each Bank shall immediately on demand indemnify the Agent (to the extent not reimbursed by the Borrower) rateably according to the proportion which that Bank's Participation in the Advances bears to all Advances (or, if no Advance shall then be outstanding, its Commitment) from and against all liabilities, losses and expenses of any kind or nature whatsoever (except in respect of any agency, management or other fee due to the Agent) which may be incurred by the Agent in its capacity as agent or trustee for the Banks or in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent in enforcing or preserving the rights of the Banks or the Agent under this Agreement, provided that no Bank shall be liable for any portion of such liabilities, losses or expenses resulting from the Agent's gross negligence or wilful misconduct.

16.12 Resignation

16.12.1 The Agent may resign by giving at least 60 days' notice to the Borrower and each Bank. Upon receipt of a notice of resignation the Borrower and the Majority Banks may select any bank or other financial institution as successor Agent.

16.12.2 If no bank or other financial institution selected by the Borrower and the Majority Banks shall have accepted such appointment within 20 days, after the Agent has given a notice of resignation then the Majority Banks may, after consultation with the Borrower, appoint any bank or other financial institution as successor Agent.

16.12.3 If no bank or other financial institution selected by the Majority Banks shall have accepted such appointment within 40 days after the Agent has given a notice of resignation then the resigning Agent may, after consultation with the Borrower, appoint any bank or other financial institution of reputable standing with an office in London as successor Agent.

16.12.4 The resignation of the Agent and the appointment of any successor Agent shall both become effective only upon the successor Agent notifying the retiring Agent, the Borrower and each Bank that it accepts its appointment. On such notification:

- (a) the resigning Agent shall be discharged from its obligations and duties as Agent under this Agreement but it shall continue to be able to rely on the provisions of this Clause 16 in respect of all matters relating to the period of its appointment; and
- (b) the successor Agent shall assume the role of Agent and shall have all the rights, powers, discretions and duties which the Agent has under this Agreement.

16.12.5 The resigning Agent shall make available to the successor Agent all records and documents held by it as Agent, and shall co-operate with the successor Agent to ensure an orderly transition.

16.13 CHANGE OF OFFICE

The Agent may at any time in its sole discretion by notice to the Borrower and each Bank designate a different office in the United Kingdom from which its duties as the Agent will be performed.

17. FEES AND EXPENSES

17.1 EXPENSES AND COSTS

17.1.1 Subject to any limits on and other matters relating to the same that may previously have been agreed by the Lead Arrangers prior to the date of this Agreement, the Borrower shall reimburse all reasonable expenses incurred, and any VAT on those expenses:

- (a) by the Lead Arrangers and the Agent in connection with the negotiation, preparation and execution of the Financing Documents and the other documents contemplated by the Financing Documents;
- (b) by the Lead Arrangers and the Agent in respect of the syndication of the Facilities;
- (c) by the Agent or the Banks in connection with the granting of any release, waiver or consent or in connection with any amendment or variation of any Financing Document where such release, waiver, consent, amendment or variation has been requested by an Obligor; and
- (d) by the Agent or the Banks in enforcing, perfecting, protecting or preserving (or attempting so to do) any of their rights, or in suing for or recovering any sum due from either Obligor or any other person under any Financing Document,

upon presentation of a statement of account reasonably documented for administrative and fiscal purposes.

17.1.2 The Borrower shall on demand pay to the Agent for the account of the relevant Bank any amount notified to it by each Bank within 10 Business Days of the commencement of an Interest Period as being the Additional Cost Rate for such Bank in respect of such Interest Period.

17.2 ARRANGEMENT AND AGENCY FEES

The Borrower shall pay to the Lead Arrangers an arrangement fee in accordance with the terms of the Arrangement Fees Letter and to the Agent an agency fee in accordance with the terms of the Agency Fees Letter. For the avoidance of doubt, all liabilities and obligations of the Borrower under the Arrangement Fees Letter and the Agency Fees Letter shall be deemed to be incurred under this Agreement.

17.3 COMMITMENT FEE

The Borrower shall pay a commitment fee in Dollars to the Agent for the account of the Banks at the rate of 0.125 per cent per annum on the Available Facility. The commitment fee shall accrue from day to day and be calculated on the basis of the actual number of days elapsed and a 360 day year in respect of the Drawdown Period and shall be payable on the last day in the Drawdown Period or on any earlier date on which the Available Facility equals zero.

17.4 DOCUMENTARY TAXES INDEMNITY

All stamp, documentary, registration or other like duties or Taxes which are imposed or chargeable on or in connection with this Agreement shall be paid by the Borrower. The Agent shall be entitled but not obliged to pay any such duties or Taxes (whether or not they are its primary responsibility). If the Agent does so the Agent shall notify the Borrower that any such payment has been made and the Borrower shall on demand indemnify the Agent against those duties and Taxes and against any costs and expenses incurred by the Agent in discharging them.

17.5 VAT

All payments made by the Borrower under the Financing Documents are calculated without regard to VAT. If any such payment constitutes the whole or any part of the consideration for a taxable or deemed taxable supply (whether that supply is taxable pursuant to the exercise of an option or otherwise) by the Agent or a Bank, the amount of that payment shall be increased by an amount equal to the amount of VAT which is chargeable in respect of the taxable supply in question.

18. AMENDMENTS AND WAIVERS

18.1 MAJORITY BANKS

18.1.1 Subject to Clause 18.2, any term of this Agreement may be amended or waived with the written agreement of the Obligors and the Majority Banks. The Agent may effect, on behalf of the Majority Banks, an amendment or waiver to which the Majority Banks have agreed.

18.1.2 The Agent shall promptly notify the Obligors and each Bank of any amendment or waiver effected under Clause 18.1.1 and any such amendment or waiver shall be binding on the Obligors and each Bank.

18.2 ALL BANKS

An amendment or waiver which relates to:

- (a) the definition of "Majority Banks" in Clause 1.1;
- (b) an extension of the date for, or a decrease in an amount or a change in the currency of, any payment under this Agreement;
- (c) an increase in a Bank's Commitment;

(d) a term of this Agreement which expressly requires the consent of each Bank; or

(e) Clause 6, 7, 11.1, 15 or 17.3 or this Clause 18, may not be effected without the prior written consent of each Bank.

18.3 NO IMPLIED WAIVERS; REMEDIES CUMULATIVE

The rights of the Agent and each Bank under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

19. MISCELLANEOUS

19.1 SEVERANCE

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

19.2 COUNTERPARTS

This Agreement may be executed in any number of counterparts and this shall have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

20. NOTICES

20.1 METHOD

Each notice or other communication to be given under this Agreement shall be given in writing in English and, unless otherwise provided, shall be made by fax or letter.

20.2 DELIVERY

Any notice or other communication to be given by one Party to another under this Agreement shall (unless one Party has by 15 days' notice to the other Party specified another address) be given to that other Party, in the case of the Borrower and the Agent, at the respective addresses given in Clause 20.3, and in the case of the Banks, at the respective

addresses given in Schedule 1 or, as the case may be, the schedule to its relevant Transfer Certificate.

20.3 ADDRESSES

The address and fax number of the Obligors and the Agent are:

(A) the Borrower:

c/o New Holland Limited
950 Great West Road
Brentford
Middlesex
TW8 9ES

Attention: The Treasurer
Fax: 0181 479 8810

(B) the Guarantor:

c/o Fiat Geva, S.p.A.
Via Nizza 250
10126 Turin
Italy

Attention: The Treasurer
Fax: 00 39 011 686 3721

(C) the Agent:

Trinity Tower
9 Thomas More Street
London E1 9YT

Attention: Steve Clarke, Loans Agency
Fax: 0171 777 2360

20.4 DEEMED RECEIPT

Any notice or other communication given under this Agreement shall be deemed to have been received:

- (a) if sent by fax, with a confirmed receipt of transmission from the receiving machine, on the day on which transmitted;
- (b) in the case of a notice given by hand, on the day of actual delivery; and
- (c) if posted, on the tenth Business Day following the day on which it was despatched by first class mail postage prepaid or, as the case may be, airmail postage prepaid.

provided that a notice given in accordance with the above but received on a day which is not a Business Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Business Day.

20.5 NOTICES THROUGH AGENT

Any notice or other communication from or to an Obligor under this Agreement shall be sent through the Agent.

21. ASSIGNMENTS AND TRANSFERS

21.1 BENEFIT OF AGREEMENT

This Agreement shall be binding upon and enure to the benefit of each Party and its successors and assigns.

21.2 ASSIGNMENTS AND TRANSFERS BY AN OBLIGOR

An Obligor shall not be entitled to assign or transfer any of its rights or obligations under this Agreement.

21.3 ASSIGNMENTS BY BANKS

Any Bank may, subject to Clause 21.5, assign any of its rights and benefits under this Agreement to another bank or other financial institution provided that until the assignee has confirmed to the Agent and the other Banks that it shall be under the same obligations towards each of them as it would have been under if it had been a party to this Agreement as a Bank, the Agent and the other Banks shall not be obliged to recognise the assignee as having the rights against each of them which it would have had if it had been such a party to this Agreement.

21.4 TRANSFERS BY BANKS

21.4.1 Any Bank may, subject to Clause 21.5, transfer, in accordance with this Clause 21.4, any of its rights and obligations under this Agreement.

21.4.2 If any Bank (the "Existing Bank") wishes to transfer all or any part of its Commitment or Participation in Advances to another bank or other financial institution (the "Bank Transferee"), such transfer may be effected by way of a novation by the delivery to, and the execution by, the Agent of a duly completed Transfer Certificate.

21.4.3 On the date specified in the Transfer Certificate:

- (a) to the extent that in the Transfer Certificate the Existing Bank seeks to transfer its Commitment or Participation in Advances, the Obligors and the Existing Bank shall each be released from further obligations to each other under this Agreement and their respective rights against each other shall be cancelled (such rights and obligations being referred to in this Clause 21.4.3 as "Discharged Rights and Obligations");

- (b) the Obligors and the Bank Transferee shall each assume obligations towards each other and/or acquire rights against each other which differ from the Discharged Rights and Obligations only insofar as the Obligors and the Bank Transferee have assumed and/or acquired the same in place of the Borrower and the Existing Bank; and
- (c) each of the Parties and the Bank Transferee shall acquire the same rights and assume the same obligations among themselves as they would have acquired and assumed had the Bank Transferee been a party under this Agreement as a Bank with the rights and/or the obligations acquired or assumed by it as a result of the transfer.

21.4.4 The Agent shall promptly complete a Transfer Certificate on request by an Existing Bank and upon payment by the Bank Transferee of a fee of \$1000 to the Agent provided that such fee shall not be payable in respect of a transfer to an affiliate of the Existing Bank or another Bank. Each Party irrevocably authorises the Agent to execute any duly completed Transfer Certificate on its behalf provided that such authorisation does not extend to the execution of a Transfer Certificate on behalf of either the Existing Bank or the Bank Transferee named in the Transfer Certificate.

21.4.5 The Agent shall promptly notify the Borrower of the receipt and execution on its behalf by the Agent of any Transfer Certificate.

21.5 CONDITION TO ASSIGNMENTS AND TRANSFERS

21.5.1 An assignment or transfer by a Bank shall be in respect of a Commitment of at least \$15,000,000 and an integral of \$5,000,000.

21.5.2 An assignment or transfer of any Commitment or Participation in the Advances shall be subject to the prior approval of the Borrower (such approval not to be unreasonably withheld or delayed).

21.6 CONSEQUENCES OF TRANSFER

An Obligor shall be under no obligation to pay any greater amount under this Agreement following an assignment or transfer by a Bank of any of its rights or obligations pursuant to this Clause 21 if, in the circumstances existing at the time of such assignment or transfer, such greater amount would not have been payable but for the assignment or transfer.

21.7 DISCLOSURE OF INFORMATION

Each Finance Party may disclose to each other, to their professional advisers and to any person with whom they are proposing to enter, or have entered into, any kind of assignment, transfer, novation, participation or other agreement in relation to this Agreement, a copy of this Agreement and any information which that Finance Party has acquired under or in connection with this Agreement, provided that any such person shall first provide an undertaking in favour of the Borrower to keep the same confidential.

22. INDEMNITIES

22.1 BREAKAGE COSTS INDEMNITY

The Borrower shall indemnify each Bank on demand against any reasonable loss or expense (including any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under this Agreement, any amount repaid or prepaid under this Agreement or any Advance) which that Bank has sustained or incurred as a consequence of:

- (a) an Advance not being made following the service of a Drawdown Notice (except as a result of the failure of that Bank to comply with its obligations under this Agreement) or the service of a Market Disruption Notice;
- (b) the failure of the Borrower to make payment on the due date of any sum due under this Agreement;
- (c) the occurrence of any Default or the operation of Clause 14.2; or
- (d) any prepayment or repayment of an Advance otherwise than on an Interest Date relative to that Advance, such loss or expense being equal to the amount (if any) by which (a) the additional interest excluding the Margin which would have been payable on the amount so received or recovered had it been received or recovered on the related Interest Date exceeds (b) the amount of interest which in the opinion of the Agent would have been payable to the Agent on the Interest Date in respect of a deposit in the currency of the amount so received or recovered equal to the amount so received or recovered placed by it with a prime bank in London for a period starting on the third or, in the case of a prepayment in accordance with Clause 7.2, the second Business Day following the date of such receipt or recovery and ending on the Interest Date.

22.2 CURRENCY INDEMNITY

22.2.1 Any payment made to or for the account of or received by any Finance Party in respect of any moneys or liabilities due, arising or incurred by an Obligor to any Finance Party in a currency (the "CURRENCY OF PAYMENT") other than the currency in which the payment should have been made under this Agreement (the "CURRENCY OF OBLIGATION") in whatever circumstances (including as a result of a judgement against any Obligor) and for whatever reason shall constitute a discharge to that Obligor only to the extent of the Currency of Obligation amount which that Finance Party is able on the date of receipt of such payment (or if such date of receipt is not a Business Day, on the next succeeding Business Day) to purchase with the Currency of Payment amount at its spot rate of exchange (as reasonably determined by that Finance Party) in the London foreign exchange market.

22.2.2 If the amount of the Currency of Obligation which that Finance Party is so able to purchase falls short of the amount originally due to that Finance Party under this Agreement, then the relevant Obligor shall promptly on demand indemnify that Finance Party against any loss or damage arising as a result of that shortfall by paying to that Finance Party that amount in the Currency of Obligation certified by that Finance Party as necessary so to indemnify it.

22.2.3 Each indemnity in this Clause 22.2 shall constitute a separate and independent obligation from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted from time to

time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due under this Agreement or under any such judgment or order.

22.3 GENERAL

The certificate of the relevant Finance Party as to the amount of any loss or damage sustained or incurred by it shall be prima facie evidence to the Obligors in the absence of manifest error.

23. LAW AND JURISDICTION

23.1 LAW

This Agreement is governed by and shall be construed in accordance with English law;

23.2 JURISDICTION

23.2.1 The Parties agree that the courts of England shall have jurisdiction to settle any disputes which may arise in connection with this Agreement and that any judgment or order of an English court in connection with this Agreement is conclusive and binding on them and may be enforced against them in the courts of any other jurisdiction. This Clause 23.2.1 is for the benefit of each Finance Party only and shall not limit the right of each Finance Party to bring proceedings against an Obligor in connection with this Agreement in any other court of competent jurisdiction or concurrently in more than one jurisdiction.

23.2.2 Each Obligor:

- (a) waives any objections which it may have to the English courts on the grounds of venue or forum non conveniens or any similar grounds as regards proceedings in connection with this Agreement; and
- (b) consents to service of process by mail or in any other manner permitted by the relevant law.

23.3 AGENT FOR SERVICE

Each Obligor shall at all times maintain an agent for service of process in England. That agent shall be Fiat UK Limited of Berkeley Square House, Berkeley Square, London W1X 6AL. Any claim form, writ, summons, judgment or other notice of legal process shall be sufficiently served on an Obligor if delivered to that agent at its address for the time being. An Obligor shall not revoke the authority of that agent. If for any reason any such agent no longer serves as agent of an Obligor to receive service of process, then that Obligor shall promptly appoint another such agent and immediately advise the Agent of that appointment.

IN WITNESS whereof the Parties have caused this Agreement to be duly executed on the date set out above.

SCHEDULE 1

THE BANKS

<TABLE>
<CAPTION>

BANK AND LENDING OFFICE	ADDRESS FOR NOTICES	COMMITMENT
<p><S> A. C. Financial Services Dublin (Fortis Bank Group) 5th Floor - Plaza 2 Custom House Plaza IFSC - Dublin 1 Ireland</p>	<p><C> A. C. Financial Services Dublin 5th Floor - Plaza 2 Custom House Plaza IFSC - Dublin 1 Ireland Attention: James Hart Fax: 00 353 1 670 0854</p>	<p><C> \$50,000,000</p>
<p>ABN AMRO Bank N.V. Lending Department Via Meravigli, 7 20123 Milano Italy</p>	<p>ABN AMRO Bank N.V. S F U Department Via Meravigli, 7 20123 Milano Italy Attention: Luigi Losi/Loredana Giovannoni Fax: 00 39 02 722 67265</p>	<p>\$25,000,000</p>
<p>Arab Banking Corporation (BSC) Milan Branch Credit Department Via Santa Maria Fulcorina 8 20123 Milano Italy</p>	<p>Arab Banking Corporation (BSC) Milan Branch Credit Department Via Santa Maria Fulcorina 8 20123 Milano Italy Attention: Luca Gaiani/Loria Calgaro Fax: 00 39 02 884 50117</p>	<p>\$50,000,000</p>
<p>Argentaria, Caja Postal Y Banco Hipotecario, S.A. Serrano, 37-28001 Madrid Spain</p>	<p>Argentaria, Caja Postal Y Banco Hipotecario, S.A. Serrano, 37-28001 Madrid Spain Attention: Jaime Nunez Fax: 00 34 91 537 7934</p>	<p>\$12,500,000</p>
<p>Argentaria, Caja Postal Y Banco Hipotecario, S.A. 1 Great Tower Street London EC3R 5HR</p>	<p>Argentaria, Caja Postal Y Banco Hipotecario, S.A. 1 Great Tower Street London EC3R 5HR</p>	<p>\$12,500,000</p>

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<S>	<C>	<C>
	Attention: Maria J Nardini Fax: 0171 204 6651	
Banca Antoniana Popolare Veneta S.C.A.R.L. Luxembourg Branch 62, Avenue Guillaume 1650 Luxembourg	Banca Antoniana Popolare Veneta Luxembourg Branch 62, Avenue Guillaume 1650 Luxembourg	\$25,000,000
	Attention: Mr Vincent Corneau Fax: 00 352 444 804	
Banca Commerciale Italiana (Ireland) plc AIB International Centre IFSC Dublin 1 Ireland	Banca Commerciale Italiana (Ireland) plc AIB International Centre IFSC Dublin 1 Ireland	\$75,000,000
	Attention: Maureen Murphy/Derek O'Connor Fax: 00 353 1 679 5882	
Banca di Roma 87 Gresham Street London EC2V 7NQ	Banca di Roma 87 Gresham Street London EC2V 7NQ	\$50,000,000
	Attention: Hugh Fagan, Head of Loan Admin Fax: 0171 454 7292	
Banca Monte Dei Paschi Di Siena SpA Grandi Gruppi Department Piazza dell' Abbadia 7 53100 Siena Italy	Banca Monte Dei Paschi Di Siena SpA Turin Branch Via Mazzini 14/16 10123 Turin Italy	\$50,000,000
	Attention: Mr Fiore Luigi Fax: 00 39 011 8155230	
Banca Nazionale del Lavoro S.p.A London Branch Fitzwilliam House 10 St Mary Axe London EC3A 8NA	Banca Nazionale del Lavoro S.p.A London Branch Fitzwilliam House 10 St Mary Axe London EC3A 8NA	\$50,000,000
	Attention: Miss Anne Murray, Manager Loans Department Fax: 0171 929 7983	

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<S> Banca Popolare Di Bergamo - Credito Varesino s.c.r.l. Succursale de Lyon Rue Pierre Corneille, 115 69003 Lyon France	<C> Banca Popolare Di Bergamo - Credito Varesino s.c.r.l. Succursale de Lyon Rue Pierre Corneille, 115 69003 Lyon France Attention: Mr Luigi Forrini/Mirco Iadarola Fax: 00 33 472 844 640	<C> \$50,000,000
Banca Popolare Di Milano Scarl (BPM) Sede Centrale Piazza F Meda 4 20121 Milano Italy	Banca Popolare Di Milano Scarl (BPM) Sede Centrale Piazza F Meda 4 20121 Milano Italy Attention: Pellegatta Giuseppe/Ceppi Roberto/Dal Monte Luisa/Tricarico Michelina Fax: 00 39 02 7700 2360	\$50,000,000
Banca Popolare Di Novara S.C. a R.L., London Branch Bucklersbury House Walbrook London EC4N 8EL	Banca Popolare Di Novara S.C.a R.L., London Branch Bucklersbury House Walbrook London EC4N 8EL Attention: Steve Wilkins, Manager, Loans Administration Department/Nino de Marchi, Deputy General Manager Fax: 0171 236 2033	\$25,000,000
Banco Bilbao Vizcaya S.A. - Milan Branch Via Cino del Duca 8 1-20121 Milan Italy	Banco Bilbao Vizcaya S.A. - Milan Branch Via Cino del Duca 8 1-20121 Milan Italy Attention: Mr Marino Corra Fax: 00 39 02 762 96266	\$25,000,000
Banco Di Napoli Spa, Milano Branch Piazza Cordusio, 2 Milano Italy	Banco Di Napoli Spa, Milano Branch Piazza Cordusio, 2 Milano Italy Attention: Mr Mauro Gambella - Gestore 13 Fax: 00 39 02 762 96266	\$25,000,000

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<S> Banco Espanol De Credito, S.A. Avda. Gran Via de Hortaleza, 3 28043 Madrid Spain	<C> Banco Espanol de Credito, S.A. Paseo de la Castellana 103 28046, Madrid Spain Attention: Marife Bennudo Fax: 00 34 91 338 9213	<C> \$25,000,000
Espirito Santo PLC. IFSC House Ground Floor Custom House Quay Dublin 1 Ireland	Espirito Santo PLC. IFSC House Ground Floor Custom House Quay Dublin 1 Ireland Attention: Luis Morals Sarmento Fax: 00 353 1 670 2656	\$25,000,000
Bank of America, N.A. Corso Matteotti, 10 20121 Milano Italy	Bank of America, N.A. Corso Matteotti, 10 20121 Milano Italy Attention: Patrizia Medvedich/Luca Sala Fax: 00 39 02 76 069 210	\$75,000,000
Bank Austria Creditanstalt International AG International Finance Department Wasagasse 2 A-1090 Vienna Austria	Bank Austria Creditanstalt International AG International Finance Department Wasagasse 2 A-1090 Vienna Austria Attention: Monika Hye Fax: 00 443 1 53636	\$25,000,000
Bank One, NA 1 Triton Square London NW1 3FN	Bank One, NA 1 Triton Square London NW1 3FN Attention: Dot O'Flaherty Fax: 0171 903 4148	\$50,000,000
Banque National de Paris Via Ansperto, 5 20123 Milano Italy	Banque National de Paris Milan Branch Via Ansperto, 5 20123 Milano Italy Attention: Mme E Braghe Fax: 00 39 02 7212 4426	\$50,000,000

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<S> Barclays Bank Plc Via Della Moscova 18 20121 Milano Italy	<C> Barclays Capital Global Services Unit 10, The South Colonnade Canary Wharf London E14 4BBB Attention: Ian Stewart, Manager Operations Fax: 0171 516 9231	<C> \$50,000,000
Bayerische Landesbank Girozentrale Filiale di Milano Via Cordusio, 2 1-20123 Milano Italy	Bayerische Landesbank Girozentrale Filiale di Milano Via Cordusio, 2 1-20123 Milano Italy Attention: Mr C Morgigno/Mr E Caruso Fax: 00 39 02 864 216	\$50,000,000
Natexis Banques Populaires 115, rue Mourmarue 75002 Paris France	Natexis Banques Populaires 10-12 avenue Winston Churchill 94677 Charenton Le Pont France Attention: Maria-Christine Olszewski Fax: 00 33 01 40 39 44 34	\$50,000,000
CARIPLO - Cassa di Risparmio delle Province Lombarde S.p.A., London 6 Lombard Street London EC3V 9AA	CARIPLO - Cassa di Risparmio delle Province Lombarde S.p.A., London 6 Lombard Street London EC3V 9AA Attention: The Manager, Loans Administration Fax: 0171 623 2519	\$50,000,000
CIBC World Markets Ireland Limited Ormonde House 12 Lower Leeson Street Dublin 2 Ireland	CIBC World Markets Ireland Limited Ormonde House 12 Lower Leeson Street Dublin 2 Ireland Attention: Ursula Baxter Fax: 00 353 1 662 4371	\$50,000,000
Citibank, N.A. 336 The Strand, London, WC2R 1HB	Citibank, N.A. 336 The Strand, London, WC2R 1HB	\$50,000,000

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<S>	<C> Attention: Gian Paolo Potsios Fax: 0171 500 5550	<C>
Comerica Bank 500 Woodward Avenue International Finance Department One Detroit Center 23 Floor Detroit Michigan 48226 USA	Comerica Bank 500 Woodward Avenue International Financial Department One Detroit Center 23 Floor Detroit Michigan 48226 USA Attention: Patricia Grossman Fax: 001 313 964 4765	\$25,000,000
Commerzbank Aktiengesellschaft Filiale di Milano Via Cordusio, 2 20123 Milan Italy	Commerzbank Aktiengesellschaft Filiale di Milano Via Cordusio, 2 20123 Milan Italy Attention: Roberto Mirri/Barbara Marchioro Fax: 00 39 02 72596-550	\$50,000,000
Commonwealth Bank of Australia Senator House 85 Queen Victoria Street London EC4V 4HA	Commonwealth Bank of Australia Senator House 85 Queen Victoria Street London EC4V 4HA Attention: Mr Roy Nasse Fax: 0171 710 3939	\$25,000,000
Credit Agricole Indosuez 9 Quai du President Paul Doumer 92920-Paris La Defense cedex France	Credit Agricole Indosuez 91-93 Boulevard Pasteur 75015 Paris France Attention: Laurence Lebeau Fax: 00 33 01 41 89 08 71	\$50,000,000
Credit Commercial de France, London Branch 1 Paternoster Row St Paul's London EC4M 7DH	Credit Commercial de France, London Branch 1 Paternoster Row St Paul's London EC4M 7DH Attention: John Blewert, Manager, Banking Operations Fax: 0171 246 2371	\$50,000,000

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<S> Credit Industrial et Commercial 60 rue de la Victoire 75009 Paris France	<C> Credit Industrial et Commercial CIC Centre Administratif 3, Allee de L'Etoile 95091 Cergy Pontoise Cedex France Attention: Mme Dominique Procureur /Mme Isabelle Paskeweiz Fax: 00 33 01 45 96 49 44	<C> \$50,000,000
Credit Lyonnais UAC Montgallet/UB Engagements 76/78 rue de Reuilly 75012, Paris France	Credit Lyonnais 55 Avenue des Champs Elysees 75012, Paris France Attention: Severine de Coincy Fax: 00 33 1 49 53 14 68	\$50,000,000
Credit Suisse First Boston Five Cabot Square London E14 4QR	Credit Suisse First Boston Loan Services Five Cabot Square London E14 4QR Attention: Jeremy Padgham, Loan Operations Fax: 0171 888 8125	\$75,000,000
Den Danske Bank Akieselskab 75 King William Street London EC4N 7DT	Den Danske Bank Akieselskab Corporate Loans Administration 75 King William Street London EC4N 7DT Attention: Alain Laviolette Fax: 0171 410 8001	\$50,000,000
Deutsche Bank Spa - Milan Via S. Sofia, 10 1-20122 Milano Italy	Deutsche Bank Spa - Milan c/o G.C.I.-Global Banking Division Via S. Sofia, 10 1-20122 Milano Italy Attention: Mr C Mattia/Mr L Mariani Fax: 00 39 02 402 43951	\$75,000,000
First Union National Bank, London Branch 3 Bishopsgate London EC2N 3AB	First Union National Bank, London Branch 3 Bishopsgate London EC2N 3AB	\$50,000,000

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<S>	<C>	<C>
	Attention: Maureen Hart, Head of Loans Administration	
	Fax: 0171 216 1642	
HSBC Bank plc Via della Moscova 3 20121 Milan Italy	HSBC Bank plc Milan Branch Via della Moscova 3 20121 Milan Italy	\$50,000,000
	Attention: Sara Brugora Fax: 00 39 02 62525 444	
Hypo Vereinsbank Luxembourg Societe Anonyme 4 rue Alphonse Weicker L-2721 Luxembourg	Hypo Vereinsbank Luxembourg Societe Anonyme 4 rue Alphonse Weicker L-2721 Luxembourg	\$25,000,000
	Attention: Arnold Hermine Fax: 00 352 4272 4547	
ICCRI Istituto Di Credito Delle Casse Di Risparmio Italiane SpA Via Boncompagni 71/h 00187 Roma Italia	ICCRI SPA Direzione Operativa Impieghi Funzione Filiale Interna Via Boncompagni 71/h 00187 Roma Italia	\$25,000,000
	Attention: Franco Vecchi - Sig.Ra Antonia De Santis Fax: 00 39 647 153 178	
ING Bank NV Filiale di Milano Via Tortona, 33 20144 Milano Italy	ING Bank NV Filiale di Milano Via Tortona, 33 20144 Milano Italy	\$50,000,000
	Attention: Donata Pirelli Fax: 00 39 02 47780 246	
KBC Bank N.V. Dublin Branch KBC House 4 George's Dock IFSC Dublin 1 Ireland	KBC Bank N.V. Dublin Branch KBC House 4 George's Dock IFSC Dublin 1 Ireland	\$25,000,000
	Attention: Ms. Maureen Collins Fax: 00 353 66 10 196	

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<S> Mediocredito Centrale S.p.A. Via Piemonte, 51 00187 Roma Italy	<C> Mediocredito Centrale S.p.A. Servizio Amministrazione Ufficio Erogazioni Via Piemonte, 51 00187 Roma Italy Attention: Roberto Marzocchi/Adriano Felici Fax: 00 39 06 4791 758	<C> \$25,000,000
Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP	Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP Attention: Loan Capital Markets - Middle Office Fax: 0171 325 8190	\$50,000,000
Raiffeisen Zentralbank Ostereich AG AM Stadtpark 9 A-1030 Vienna Austria	Raiffeisen Zentralbank Ostereich AG AM Stadtpark 9 A-1030 Vienna Austria Attention: Ms Karin Nyikos Fax: 00 431 71707 2383	\$25,000,000
RBC Finance B.V. Keizersgracht 604 1017 EP Amsterdam The Netherlands	RBC Finance B.V. Keizersgracht 604 1017 EP Amsterdam The Netherlands Attention: Mr M Palmer Fax: 00 31 20 6 262 196	\$25,000,000
SANPAOLO IMI S.p.A., London Branch Wren House 15 Carter Lane London EC4V 3SP	SANPAOLO IMI S.p.A., London Branch Wren House 15 Carter Lane London EC4V 3SP Attention: Murray Crosby, Manager, Loans Administration Fax: 0171 236 2698	\$75,000,000

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<S> Societe Generale Finance (Ireland) Limited 31/31 Morrison Chambers 32 Nassau Street Dublin 2 Ireland	<C> Societe Generale Finance (Ireland) Limited 31/31 Morrison Chambers 32 Nassau Street Dublin 2 Ireland Attention: Jacinra Conroy Fax: 00 353 1 6704 262	<C> \$50,000,000
The Chase Manhattan Bank 125 London Wall London EC2Y 5AJ	The Chase Manhattan Bank Eurocurrency / Global Money Market Division 4 Chase Metrotech Centre 15th Floor Brooklyn New York 11245 USA Attention: Edwin Grospe Fax: 001 718 242 7021	\$75,000,000
The Industrial Bank of Japan, Limited - Milan Branch Via Senato 14/16 20121 Milano Italy	The Industrial Bank of Japan, Limited - London Branch Operation Department Bracken House One Friday Street London EC4M 9JA Attention: Mark Brown/Mary Roe Fax: 0171 329 0354 AND COPY TO The Industrial Bank of Japan, Limited - Milan Branch Operation Department Via Senato 14/16 20121 Milano Italy Attention: Ms. L Anastas Fax: 00 39 02 783 373	\$50,000,000
The Sumitomo Bank, Limited Temple Court 11 Queen Victoria Street London EC4N 4TA	The Sumitomo Bank, Limited Loans Administration Department Temple Court 11 Queen Victoria Street London EC4N 4TA Attention: The Manager Fax: 0207 786 1059	\$25,000,000

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<S> The Toronto-Dominion Bank Triton Court 14/18 Finsbury Square London EC2A 1DB	<C> The Toronto-Dominion Bank Triton Court 14/18 Finsbury Square London EC2A 1DB Attention: Denise Payne Fax: 0171 638 2551	<C> \$50,000,000
UniCredito Italiano S.p.A., London Branch 17 Moorgate London EC2R 6AR	UniCredito Italiano S.p.A., London Branch 17 Moorgate London EC2R 6AR Attention: Mr I King Fax: 0171 606 3920	\$50,000,000
Westdeutsche Landesbank Girozentrale, Brussels Branch Chaussee de La Hulpe, 166 B-1170 Brussels Belgium	Westdeutsche Landesbank Girozentrale, Brussels Branch Chaussee de La Hulpe, 166 B-1170 Brussels Belgium Attention: Head of Loan Administration Department Fax: 00 322 663 6859	\$50,000,000

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SCHEDULE 2

CONDITIONS PRECEDENT

1. A Certified Copy of the constitutional documents of each Obligor.
2. Certified Copies of documents evidencing that the officers of each Obligor who act as signatories for that Obligor in relation to the Financing Documents have the relevant corporate authority to bind that Obligor and also setting our specimen signatures of such officers.
3. The Agency Fees Letter and the Arrangement Fees Letter duly executed by each Obligor together with the fees payable under each of those letters on the execution of this Agreement.
4. A letter addressed by Fiat UK Limited to the Agent in which it agrees to act as each Obligor's agent for service of process in England for the purposes of this Agreement.
5. Legal opinions from each of:
 - (i) Wilde Sapte;
 - (ii) Nauta Dutilh for New Holland N.V.; and
 - (iii) internal counsel for Fiat S.p.A.

SCHEDULE 3
DRAWDOWN NOTICE

To: The Agent
From: New Holland N.V.

*[date]

Dear Sirs,

\$2,400,000,000 Credit Agreement dated * 1999 (the "Credit Agreement")

Terms defined in the Credit Agreement have the same meaning in this notice.

We request an Advance to be drawn down under the Credit Agreement as follows:

1. Amount of Advance:
2. Drawdown Date:
3. Duration of first Interest Period:
4. Payment instructions:
 (if applicable)

We confirm that today and on the Drawdown Date:

- (a) the representations and warranties in Clauses 12.1(a) to (d) inclusive to be repeated are and will be correct; and
- (b) no Default or Potential Default has occurred and is continuing or will occur on the making of the Advance.

SIGNED

For and on behalf of
NEW HOLLAND N.V.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

TRANSFER CERTIFICATE

To: The Agent
and the other parties to the Credit Agreement (as defined below)

This transfer certificate ("Transfer Certificate") relates to a credit agreement dated * 1999 and made between (1) New Holland N.V., (2) Flat S.p.A., (3) certain banks, (4) Chase Manhattan International Limited and (5) Chase Manhattan Plc and Credit Suisse First Boston in respect of a dollar term loan facility (the "Credit Agreement", which term shall include any amendments or supplements to it).

Terms defined and references construed in the Credit Agreement shall have the same meanings and construction in this Transfer Certificate.

1. *[insert full name of Existing Bank](the "Existing Bank"):
 - (a) confirms that to the extent that details appear in the schedule to this Transfer Certificate under the headings "Existing Bank's Commitment" and "Existing Bank's Participation in Advances", those details accurately summarise its Commitment and its Participation in Advances all or part of which is to be transferred; and
 - (b) requests *[insert full name of Bank Transferee](the "Bank Transferee") to accept and procure, in accordance with Clause 21 of the Credit Agreement, the substitution of the Existing Bank by the Bank Transferee in respect of the amount of its Commitment and its Participation in Advances to be transferred as specified in the schedule to this Transfer Certificate by signing this Transfer Certificate.
2. The Bank Transferee requests each of the Parties to accept this executed Transfer Certificate as being delivered under and for the purposes of Clause 21 of the Credit Agreement so as to take effect in accordance with the provisions of that Clause on *[insert date of transfer].
3. The Bank Transferee:
 - (a) confirms that it has received a copy of the Credit Agreement together with such other documents and information as it has requested in connection with this transaction;
 - (b) confirms that it has not relied and will not rely on the Existing Bank to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such documents or information; and

- (c) agrees that it has not relied and will not rely on the Finance Parties to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Obligors.
4. The Bank Transferee undertakes with the Existing Bank and each of the other Parties that it will perform, in accordance with its terms, all those obligations which, by the terms of the Credit Agreement, will be assumed by it upon delivery of the executed copy of this Transfer Certificate to the Agent.
5. On execution of this Transfer Certificate by the Agent on their behalf, the Parties accept the Bank Transferee as a party to the Credit Agreement in substitution for the Existing Bank with respect to all those rights and/or obligations which, by the terms of the Credit Agreement, will be assumed by the Bank Transferee after delivery of the executed copy of this Transfer Certificate to the Agent.
6. None of the Finance Parties:
- (a) makes any representation or warranty or assumes any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Credit Agreement; or
- (b) assumes any responsibility for the financial condition of either Obligor or any other party to the Credit Agreement or any other document or for the performance and observance by either Obligor or any other party to the Credit Agreement or any other document of its or their obligations and any and all conditions and warranties, whether express or implied by law or otherwise, are excluded.
7. The Bank Transferee confirms that its Lending Office and address for notices for the purposes of the Credit Agreement are as set out in the schedule to this Transfer Certificate.
8. The Existing Bank gives notice to the Bank Transferee (and the Bank Transferee acknowledges and agrees with the Existing Bank) that the Existing Bank is under no obligation to re-purchase (or in any other manner to assume, undertake or discharge any obligation or liability in relation to) the transferred Commitment and Participation at any time after this Transfer Certificate shall have taken effect.
9. Following the date upon which this Transfer Certificate shall have taken effect, without limiting the terms of this Transfer Certificate, each of the Bank Transferee and the Existing Bank acknowledges and confirms to the other that, in relation to the transferred Commitment and Participation, variations, amendments or alterations to any of the terms of the Credit Agreement arising in connection with any renegotiation or rescheduling of the obligations under the Credit Agreement shall apply to and be binding on the Bank Transferee alone.
10. This Transfer Certificate is governed by and shall be construed in accordance with English law.

*[Bank Transferee]

By: _____
(Duly authorised)

*[Existing Bank]

By: _____
(Duly authorised)

The Agent on behalf of itself and all other parties to the Credit Agreement

By: _____
(Duly authorised)

Dated:

The Borrower

SIGNED by)
)
for and on behalf of) RICCARDO RADIC
NEW HOLLAND N.V.)

The Guarantor

SIGNED by)
)
for and on behalf of) ANDREA FAINA
FIAT S.p.A.)

The Banks

SIGNED by)
)
)
for and on behalf of) TOBY VARNEY
A.C. FINANCIAL SERVICES)
DUBLIN (FORTIS BANK GROUP)) EMMA BALAAM

SIGNED by)
)
for and on behalf of) TOBY VARNEY
ABN AMRO BANK N.V.) EMMA BALAAM

SIGNED by)
)
for and on behalf of) TOBY VARNEY
ARAB BANKING CORPORATION)
(BSC)) EMMA BALAAM

SIGNED by)
)
for and on behalf of) TOBY VARNEY
ARGENTARIA, CAJA POSTAL Y)
BANCO HIPOTECARIO, S.A.) EMMA BALAAM

SIGNED by)
)
for and on behalf of) DANIELE CUNEGO
BANCO ANTONIANA POPOLARE)
VENETA S.C.A.R.L.)

SIGNED by)
)
for and on behalf of) TOBY VARNEY
BANCA COMMERCIALE ITALIANA)
(IRELAND) plc) EMMA BALAAM

SIGNED by)
)
for and on behalf of) TOBY VARNEY
BANCA DI ROMA, LONDON)
) EMMA BALAAM

SIGNED by)
for and on behalf of)
BANCA MONTE DEI PASCHI DI)
SIENA SpA)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
for and on behalf of)
BANCA NAZIONALE DEL LAVORO)
S.p.A)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
for and on behalf of)
BANCA POPOLARE DI BERGAMO-)
CREDITO VARESINO s.c.r.l.)
TOBY VARNEY
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SIGNED by)
for and on behalf of)
BANCA POPOLARE DI MILANO)
SCARL (BPM))
TOBY VARNEY
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SIGNED by)
for and on behalf of)
BANCA POPOLARE DI NOVARA)
S.C.a R.L.)
TOBY VARNEY
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SIGNED by)
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for and on behalf of) TOBY VARNEY
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SIGNED by)
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for and on behalf of) LESLEY BARNES
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CARIPLO-CASSA DI RISPARMIO) GIUSEPPE MONTI
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DELLE PROVINCE LOMBARDE)
S.p.A.)

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for and on behalf of) TOBY VARNEY
)
CIBC WORLD MARKETS IRELAND) EMMA BALAAM
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for and on behalf of) TOBY VARNEY
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CITIBANK, N.A.) EMMA BALAAM

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for and on behalf of) TOBY VARNEY
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COMERICA BANK) EMMA BALAAM

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for and on behalf of) TOBY VARNEY
COMMERZBANK)
AKTIENSGESELLSCHAFT) EMMA BALAAM

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for and on behalf of) TOBY VARNEY
COMMONWEALTH BANK OF)
AUSTRALIA) EMMA BALAAM

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for and on behalf of) TOBY VARNEY
CREDIT AGRICOLE INDOSUEZ) EMMA BALAAM

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)
for and on behalf of) TOBY VARNEY
CREDIT COMMERCIAL DE)
FRANCE) EMMA BALAAM

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CREDIT INDUSTRIAL ET)
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for and on behalf of) TOBY VARNEY
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for and on behalf of) TOBY VARNEY
HYPOVEREINBANK) EMMA BALAAM
LUXEMBOURG)

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DELLE CASSE DI RISPARMIO)
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for and on behalf of) TOBY VARNEY
ING BANK NV) EMMA BALAAM

SIGNED by)
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for and on behalf of) TOBY VARNEY
KBC BANK N.V.) EMMA BALAAM

SIGNED by)
)
for and on behalf of)
MEDIOCREDITO CENTRALE S.p.A.)
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) TOBY VARNEY
) EMMA BALAAM

SIGNED by)
)
for and on behalf of)
MORGAN GUARANTY TRUST)
COMPANY OF NEW YORK)
)
) TOBY VARNEY
) EMMA BALAAM

SIGNED by)
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for and on behalf of)
RAIFFEISEN ZENTRALBANK)
OSTERREICH AG)
)
) TOBY VARNEY
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SIGNED by)
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for and on behalf of)
RBC FINANCE B.V.)
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SIGNED by)
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for and on behalf of)
SANPAOLO IMI S.p.A.)
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) TOBY VARNEY
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SIGNED by)
for and on behalf of)
SOCIETE GENERALE FINANCE)
(IRELAND) LIMITED)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
for and on behalf of)
THE CHASE MANHATTAN BANK)
ROBERT E TILL

SIGNED by)
for and on behalf of)
THE INDUSTRIAL BANK OF JAPAN)
LIMITED)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
for and on behalf of)
THE SUMITOMO BANK, LIMITED)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
for and on behalf of)
THE TORONTO DOMINION BANK)
TOBY VARNEY
EMMA BALAAM

SIGNED by)
)
for and on behalf of) TOBY VARNEY
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UNICREDITO ITALIANO S.p.A.) EMMA BALAAM

SIGNED by)
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for and on behalf of) TOBY VARNEY
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WESTDEUTSCHE LANDESBANK) EMMA BALAAM
GIROZENTRALE)

The Agent
SIGNED by)
)
for and on behalf of) ROBERT E. TILL
CHASE MANHATTAN)
INTERNATIONAL LIMITED)

The Lead Arrangers
SIGNED by)
)
for and on behalf of) PAOLO MANCINI
CHASE MANHATTAN Plc)

SIGNED by)
)
for and on behalf of) RICHARD SMITH-MORGAN
CREDIT SUISSE FIRST BOSTON) SERGIO DI-LIETO

CASE CORPORATION
TO
THE BANK OF NEW YORK
AS TRUSTEE
FIRST SUPPLEMENTAL INDENTURE
DATED AS OF MARCH 28, 2000
SUPPLEMENT TO INDENTURE
DATED AS OF JULY 31, 1995
DEBT SECURITIES
GUARANTEE BY CNH GLOBAL N.V.

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FIRST SUPPLEMENTAL INDENTURE, dated as of March 28, 2000, among CASE CORPORATION, a Delaware corporation (the "Company"), having its principal place of business at 700 State Street, Racine, Wisconsin 53404, CNH GLOBAL N.V., a corporation organized under the laws of the Kingdom of the Netherlands, in its capacity as guarantor of the securities issued by the Company (the "Guarantor"), and THE BANK OF NEW YORK, a New York banking corporation, as trustee (the "Trustee"), as Trustee under the indenture of the Company (the "Indenture") dated as of July 31, 1995.

RECITALS

WHEREAS, Section 9.1 of the Indenture provides that the Company and the Trustee may, without the consent of any Holders, at any time and from time to time, enter into one or more supplemental indentures, in form satisfactory to the Trustee, for the purpose of supplementing the provisions of the Indenture.

WHEREAS, on November 12, 1999, the Company became an indirect, wholly owned subsidiary of the Guarantor.

WHEREAS, the parties hereto have agreed to supplement the Indenture to add the Guarantor as a party thereto and to add the Guarantee set forth in this Supplemental Indenture pursuant to Article Nine of the Indenture, and to add such other provisions as might reasonably be necessary to give effect to the Guarantee. Such Guarantee is for the benefit, and will not adversely affect the interests, of the Holders of Outstanding Securities.

WHEREAS, the Company and the Guarantor have each duly authorized the execution and delivery of this Supplemental Indenture, and all things necessary have been done to make this Supplemental Indenture a valid agreement of the Company and the Guarantor, in accordance with its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Company's Securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.1 Definitions.

For all purposes of the Indenture and this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

1. The terms defined in this Supplemental Indenture have the meanings assigned to them in this Supplemental Indenture, and include the plural as well as the singular;
2. All other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
3. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and
4. The words "herein," "hereof" and "hereunder" and other words of similar import refer to the Indenture and this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

SECTION 1.2 Effect of Headings.

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.3 Successors and Assigns.

All covenants and agreements in this Supplemental Indenture by the Company and the Guarantor shall bind their successors and assigns, whether expressed or not.

SECTION 1.4 Separability Clause.

In case any provision in this First Supplemental Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 Benefits of First Supplemental Indenture.

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

SECTION 1.6 Governing Law.

THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

SECTION 1.7 Effectiveness.

This Supplemental Indenture shall take effect on the date hereof and shall amend the provisions of the Indenture with respect to each series of Securities issued under the Indenture, including each series of Securities issued under the Indenture prior to the date hereof.

SECTION 1.8 Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

ARTICLE TWO

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 2.1 Amendment to Section 1.1 "Definitions."

Section 1.1 of the Indenture is hereby amended as follows:

(a) The definition of "Board of Directors" is amended to add "or the Guarantor, as the case may be," after "Company" in the first line thereof.

(b) The definition of "Board Resolution" amended to insert "or the Guarantor, as the case may be," after "Company" in the second line thereof.

(c) A new definition "Guarantee" is added as follows:

"Guarantee" means any guarantee of the Guarantor with regard to each Security issued by the Company pursuant to this Indenture and shall include the Guarantee set forth in Article Fourteen of the Supplemental Indenture and all other obligations and covenants of the Guarantor contained in this Indenture and any Securities, whether issued previous to or after the date of this Supplemental Indenture."

(d) A new definition "Guarantor" is added as follows:

"Guarantor" means the Person named as the "Guarantor" in the first paragraph of this Supplemental Indenture until a successor shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Guarantor" shall mean such successor."

(e) A new definition "Guarantor Request" or "Guarantor Order" is added as follows:

"Guarantor Request" or "Guarantor Order" mean a written request or order signed in the name of the Guarantor by its Chairman of the Board, President, a Vice President, director, managing director or other authorized officer and by its Treasurer, Assistant Treasurer, its Secretary or an Assistant Secretary or other authorized officer and delivered to the Trustee."

(f) The definition of "Officers' Certificate" is amended to insert "or the Guarantor, as the case may be" after "Company" in the third line thereof and is further amended to insert "or the Guarantor" after "Company" in the last line thereof.

(g) The definition of "Opinion of Counsel" is amended to insert "or the Guarantor, as the case may be," after "Company" in the second line thereof.

(h) The definition of "Outstanding" is amended to insert "or the Guarantor, as the case may be" after "Company" in the first, second and third appearance of "Company" in the third line of clause (ii) and is further amended to insert ", the Guarantor" after "Company" in the eleventh, twelfth, eighteenth and nineteenth lines of the remainder of the definition.

(i) The definition of "Vice President" is amended to insert ", the Guarantor" after "Company" in the first line thereof.

SECTION 2.2 Amendment to Section 1.2 "Compliance Certificate and Opinions."

Section 1.2 is amended to insert "or the Guarantor" after "Company" in the first line of the first paragraph and is further amended to insert "or the Guarantor, as the case may be," after "Company" in the second line of the first paragraph.

SECTION 2.3 Amendment to Section 1.3 "Form of Documents Delivered to Trustee."

Section 1.3 is amended to insert the phrase "or the Guarantor, as the case may be," after "Company" in the first, seventh and eighth lines of the second paragraph.

SECTION 2.4 Amendment to Section 1.4 "Acts of Holders; Record Dates."

Section 1.4 is amended to insert "or the Guarantor or both of them" after "Company" in the sixth line of paragraph (a), and is further amended to insert "and the Guarantor" after "Company" in the eleventh line of paragraph (a) and is further amended to insert "or the Guarantor" after "Company" in the fifth line of paragraph (e).

SECTION 2.5 Amendment to Section 1.5 "Notices, etc., to Trustee and Company."

Section 1.5 is amended to insert ", Guarantor" after "Trustee" in the title of the Section, and is further amended to insert "or the Guarantor" after "Company" in the first line of clause (1) and the first line of clause (2), and is further amended to insert "or the Guarantor, as the case may be," after "Company" in the third line of clause (2), and is further amended to insert "or the Guarantor, as the case may be" after "Company" in the fifth line of clause (2), and is further amended to replace "instrument" in the fourth line of clause (2) with "First Supplemental Indenture", and is further amended to add a second paragraph as follows:

"Any request, demand, authorization, direction, notice, consent, waiver or other action required or permitted under this Indenture shall be in the English language, and any published notice may also be in an official language of the country or province of publication."

SECTION 2.6 Amendment to Section 1.9 "Successors and Assigns."

Section 1.9 is amended to insert "or the Guarantor" after "Company", and is further amended to delete "its" and replace it with "their respective."

SECTION 2.7 Section 1.14 "Appointment of Agent for Service."

A new Section 1.14 is added as follows:

"SECTION 1.14. Appointment of Agent for Service.

By the execution and delivery of this First Supplemental Indenture, the Guarantor designates and appoints CT Corporation as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Securities, the Guarantee or this Indenture which may be instituted in any Federal or New York State Court located in the Borough of Manhattan, City and State of New York, but for that purpose only, and agrees that service of process upon said CT Corporation, directed to the attention of Treasurer, and written notice of said service given by the Person serving the same to it, addressed to CT Corporation, shall be deemed in every respect effective service of process upon it in any such suit or proceeding in any Federal or State court in such Borough, City and State. The Guarantor hereby submits (for the purposes of any such suit or proceeding) to the jurisdiction of any such court in which any such suit or proceeding is so instituted, and irrevocably waives, to the fullest extent it may effectively do so, any objection it may have now or hereafter to the laying of the venue of any such suit, action or proceeding in any such court and irrevocably waives, to the fullest extent it may effectively do so, any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Such submission and waiver shall be irrevocable so long as any of the Securities remain outstanding and such appointment shall be irrevocable until the appointment of a successor by the Guarantor, with the consent of the Trustee and such successor's acceptance of such appointment. Upon such acceptance, the Guarantor shall notify the Trustee, in writing, of the name and address of such successor. The Guarantor further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of said CT Corporation or its successor in full force and effect so long as any of the applicable Securities shall be outstanding. The Trustee shall not be obligated and shall have no responsibility with respect to any failure by the Guarantor to take any such action above.

The Guarantor agrees to the fullest extent that it lawfully may do so, that any judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Guarantor and may be enforced in the courts of the Netherlands (or any other courts to the jurisdiction of which the Guarantor is subject) by a suit upon such judgment, provided that service of process is effected upon the Guarantor in the manner specified in the foregoing paragraph or as otherwise permitted by law; provided, however, that the Guarantor does not waive, and the foregoing provisions of this sentence shall not constitute or be deemed to constitute a waiver of, (1) any right to appeal any such judgment, to seek any stay or otherwise to seek reconsideration or review of any such judgment, (2) any stay of execution or levy pending an appeal from, or a suit, action or proceeding for reconsideration of, any such judgment, (3) any defense to a claim for punitive damages and the like, (4) the defense of payment, or (5) any other

right or remedy of the Guarantor to the extent not expressly waived in accordance with this Section 1.14.

Nothing in this Section shall affect the right of the Trustee or any Holder of any Security to serve process in any manner permitted by applicable law or limit the right of the Trustee or any Holder of any Security to bring proceedings against the Company and/or the Guarantor, in the courts of any other jurisdiction or jurisdictions."

ARTICLE THREE

SECURITY FORMS

SECTION 3.1 Amendment to Section 2.1 "Forms Generally."

Section 2.1 is amended to insert the following paragraphs after the first paragraph:

"For Securities issued after the date of the first Supplemental Indenture, the Guarantee shall be endorsed on each Security and such Guarantee for the Securities of a particular series shall be in such form as is established pursuant to Section 2.6.

Outstanding Securities issued prior to the date of the first supplemental indenture shall be Guaranteed pursuant to the terms of Article Fourteen hereof and no endorsement, authentication or other evidence of such Guarantee shall be necessary on any Outstanding Security and no separate Guarantee need be executed and delivered by the Guarantor to the Holder of an Outstanding Security."

SECTION 3.2 Addition of Section 2.6 entitled "Form of Guarantee."

A new Section 2.6 is added as follows:

"Except for Outstanding Securities issued prior to the date hereof, which shall be Guaranteed as set forth in Section 2.1 hereof, the Guarantee of the Guarantor shall be endorsed on each Security and for each particular series of Securities shall be in substantially such form or forms as shall be established by or pursuant to a Board Resolution (including, without limitation, in any Officers' Certificate of an officer authorized to act in connection with such matter or pursuant to such Board Resolution) of the Guarantor or an indenture supplemental hereto, with such appropriate insertions, omissions, substitutions and other corrections as are required or permitted by this Indenture or any indenture supplemental hereto, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Guarantees. Such execution of such Guarantees shall be conclusive evidence as regards the Guarantor as to any such determination made by the Guarantor."

ARTICLE FOUR
THE SECURITIES

SECTION 4.1 Amendment to Section 3.1 "Amount Unlimited; Issuable in Series."

Section 3.1 is amended to insert "and related Guarantees" after "Securities" in the first line of the second paragraph.

SECTION 4.2 Amendment to Section 3.3 "Execution, Authentication, Delivery and Dating."

Section 3.3 is amended to add "and the related Guarantees" after "Securities" in the fifth line of the third paragraph and is further amended to add "and the Guarantor" after "Company" in the third line of clause (c) and in the second line of clause (d), and is further amended to insert "with the related Guarantees endorsed thereon" after "Securities" in the first line of clause (c), and is further amended to insert ", the Guarantor Order" after "Company Order" in the fourth line of the fourth paragraph and is further amended to insert a new paragraph at the end of the Section as follows:
"Reference is made to Section 14.2 concerning the execution and delivery of the Guarantees."

SECTION 4.3 Amendment to Section 3.4 "Temporary Securities."

Section 3.4 is amended to insert "and each having endorsed thereon the Guarantee executed by the Guarantor, substantially of the tenor of the definitive Guarantee" after "issued" in the fifth line of the first paragraph, and is further amended to insert "and such Guarantees" after "Securities" in the sixth and seventh lines of the first paragraph, and is further amended to insert "having endorsed thereon Guarantees executed by the Guarantor" after "denominations" in the ninth line of the second paragraph.

SECTION 4.4 Amendment to Section 3.5 "Registrations, Registration of Transfer and Exchange."

Section 3.5 is amended to insert ", the Guarantor shall guarantee" after "execute" in the third line of the second paragraph, and in the fourth line of the third paragraph, and is further amended to insert ", having endorsed thereon the Guarantee executed by the Guarantor" after "amount" in the last line of the second paragraph and after "receive" in the last line of the third paragraph, and is further amended to insert "and the Guarantor," after "Company" in the second line of the fourth paragraph.

SECTION 4.5 Amendment to Section 3.6 "Mutilated, Destroyed, Lost and Stolen Securities."

Section 3.6 is amended to insert ", the Guarantor" after "Company" in the first and fourth line of the second paragraph, and is further amended to insert ", having endorsed thereon the Guarantee executed by the Guarantor" after "principal amount" in the third line of the first paragraph and in the seventh line of the second paragraph, and is further amended to delete "in its discretion" in the second line of the third paragraph and replace it with "and the Guarantor in their discretion," and is further amended to insert ", and the Guarantee endorsed thereon" after "series" in the first line of the fifth paragraph, and is further amended to insert "and the Guarantor respectively" after "Company" in the third line of the fifth paragraph, and is further amended to insert "and the Guarantees endorsed thereon, if any," after "series" in the last line of the fifth paragraph.

SECTION 4.6 Amendment to Section 3.7 "Payment of Interest; Interest Rights Preserved."

Section 3.7 is amended to insert "or the Guarantor, as the case may be," after "Company" in the first, fifth, seventh and fifteenth lines of clause (1) and in the first and fourth lines of clause (2), and is further amended to insert "or the Guarantor, as the case may be" after "Company" in the fourth line of the second paragraph and in the sixteenth line of clause (1).

SECTION 4.7 Amendment to Section 3.8 "Persons Deemed Owners."

Section 3.8 is amended to insert ", the Guarantor" after "Company" in the first, second and seventh (both places) lines of the first paragraph.

SECTION 4.8 Amendment to Section 3.9 "Cancellation."

Section 3.9 is amended to insert "or the Guarantor" after "Company" in the fourth and fifth lines of the first paragraph.

ARTICLE FIVE

SATISFACTION AND DISCHARGE

SECTION 5.1 Amendment to Section 4.1 "Satisfaction and Discharge of Indenture."

Section 4.1 is amended to insert "or the Guarantor" after "Company" in the fourth and fifth lines of clause (1)(A) and in the third line of clause (1)(B)(iii), in the first and second lines in clause (2), in the first line of clause (3) and in the second sentence of the last paragraph.

SECTION 5.2 Amendment to Section 4.2 "Application of Trust Money."

Section 4.2 is amended to insert "or the Guarantor" after "Company" in the fourth line of the first paragraph.

ARTICLE SIX

REMEDIES

SECTION 6.1 Amendment to Section 5.1 "Events of Default."

Section 5.1 is amended to insert "or the Guarantor" after "Company" in the second line of clause (4), in the second, fourth, sixth and eighth lines of clause (5), and in the first, fourth, eleventh and fourteenth lines of clause (6), and is further amended to insert "and the Guarantor" after "Company" in the ninth line, first appearance of clause (4), and is further amended to insert ", the Guarantor" after "Company" in the ninth line, second appearance of clause (4), and is further amended to replace "by it" in the fourth, seventh, ninth lines of clause (6) and in both appearances in the twelfth line of clause (6) with "by the Company or the Guarantor,".

SECTION 6.2 Amendment to Section 5.2 "Acceleration of Maturity; Rescission and Annulment."

Section 5.2 is amended to insert "and the Guarantor" after "Company" in the seventh line of the first paragraph and the fifth line of the second paragraph, and is further amended to insert "or the Guarantor" after "Company" in the first line of clause (1).

SECTION 6.3 Amendment to Section 5.3 "Collection of Indebtedness and Suits for Enforcement by Trustee."

Section 5.3 is amended to insert "and the Guarantor each," after each reference to "Company" in the first paragraph, and is further amended to insert "or the Guarantor" after "Company" in the sixth line of the first paragraph.

SECTION 6.4 Amendment to Section 5.4 "Trustee May File Proofs of Claim."

Section 5.4 is amended to insert ", the Guarantor" after "Company" in the first line of the first paragraph, and is further amended to insert "or the Guarantor" after "Company" in the ninth line of the first paragraph.

and Remedies." SECTION 6.5 Amendment to Section 5.9 "Restoration of Rights

"Company" in the fourth line of the first paragraph. Section 5.9 is amended to insert ", the Guarantor" after

Extension Laws." SECTION 6.6 Amendment to Section 5.15 "Waiver of Stay or

after "Company" in the first and fourth lines of the first paragraph. Section 5.15 is amended to insert "and the Guarantor each"

ARTICLE SEVEN

THE TRUSTEE

Trustee." SECTION 7.1 Amendment to Section 6.3 "Certain Rights of

"Company" in the first sentence of clause (b), and is further amended by inserting "or a Guarantor Request or Guarantor Order" after "Order" in the second sentence of clause (b), and is further amended by inserting "of the Company or the Guarantor" after "Directors" in the third line of clause (b), and is further amended to insert "or the Guarantor or both of them" after "Company" in the seventh line of clause (f). Section 6.3 is amended to insert "or the Guarantor" after

Recitals or Issuance of Securities." SECTION 7.2 Amendment to Section 6.4 "Not Responsible for

"Company" in the second line of the first paragraph, and is further amended to insert "or of the Guarantees" after "Securities" in the fourth line of the first paragraph. Section 6.4 is amended to insert "or the Guarantor," after

SECTION 7.3 Amendment to Section 6.5 "May Hold Securities."

"Company" in the second line of the first paragraph, and is further amended to insert "or the Guarantor, as the case may be," after "Company" in the fourth line of the first paragraph. Section 6.5 is amended to insert "or the Guarantor" after

SECTION 7.4 Amendment to Section 6.6 "Money Held in Trust."

case may be," after "Company" in the last line of the first paragraph. Section 6.6 is amended to insert "or the Guarantor, as the

SECTION 7.5 Amendment to Section 6.7 "Compensation and Reimbursement."

Section 6.7 is amended to insert "and the Guarantor each, jointly and severally," after "Company" in the first line of the first paragraph.

SECTION 7.6 Amendment to Section 6.10 "Resignation and Removal; Appointment of Successor."

Section 6.10 is amended to insert "and the Guarantor" after "Company" in the second line of paragraph (b), and is further amended to insert ", the Guarantor" after "Trustee" in the third line of paragraph (c), and is further amended to insert "or the Guarantor," after "Company" in the second line of paragraph (d)(1) and in the second line of paragraph (d)(2), and is further amended to insert ", the Guarantor," after "Company" in the eleventh line of paragraph (e).

SECTION 7.8 Amendment to Section 6.11 "Acceptance of Appointment by Successor."

Section 6.11 is amended to insert ", the Guarantor" after "Company" in the third and sixth lines of paragraph (a), and the second and twenty-second lines of paragraph (b), and is further amended to insert "and the Guarantor" after the word "Company" in the first line of paragraph (c).

SECTION 7.9 Amendment to Section 6.13 "Preferential Collection of Claims Against Company."

Section 6.13 is amended to insert "or the Guarantor" after "Company" in the first and third lines of the first paragraph.

SECTION 7.10 Amendment to Section 6.14 "Appointment of Authenticating Agent."

Section 6.14 is amended to insert "and the Guarantor" after "Company" in the eleventh line of the first paragraph, in the seventh line of the third paragraph and in the first line of the fourth paragraph.

ARTICLE EIGHT

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 8.1 Amendment to Title of Article VII.

The title of Article VII is amended to insert ", GUARANTOR" after "TRUSTEE."

SECTION 8.2 Amendment to Section 7.1 "Company to Furnish Trustee Names and Addresses of Holders."

Section 7.1 is amended to insert "or the Guarantor, as the case may be" after "Company" in the first line of the first paragraph, and is further amended to insert "or the Guarantor" after "Company" in the second line of paragraph (b).

SECTION 8.3 Amendment to Section 7.2 "Preservation of Information; Communications to Holders."

Section 7.2 is amended to insert ", the Guarantor" after "Company" in both places in the second line of paragraph (c).

SECTION 8.4 Amendment to Section 7.3 "Reports by Trustee."

Section 7.3 is amended to insert "and the Guarantor" after the first use of "Company" in the third line of paragraph (b).

SECTION 8.5 Amendment to Section 7.4 "Reports by Company."

Section 7.4 is amended to insert "and the Guarantor" after "Company" in the title of the Section and in the first line of clause (a), clause (b) and clause (c) and is further amended to insert "or the Guarantor" after "Company" in the second, fifth and sixth lines of clause (a), and is further amended to insert the following after the word "regulations;" in the last line of clause (a): "provided that no such supplementary and periodic information, documents and reports need to be filed by the Company if, pursuant to the rules and regulations of the Commission, it is exempt from such filing requirements by virtue of the existence of the Guarantees;" and is further amended to insert "or the Guarantor, or both," after "Company" in the fourth line of clause (b), and is further amended to insert "or the Guarantor, as the case may be," after "Company" in the fourth line of clause (c).

ARTICLE NINE

CONSOLIDATION, MERGER, CONVEYANCE,
TRANSFER OR LEASE

SECTION 9.1 Amendment to Section 8.1 "Company May Consolidate, etc., Only on Certain Terms."

Section 8.1 is amended to insert "and Guarantor" after "Company" in the title of the Section, and is further amended to add a new final paragraph as follows:

"(5) The Guarantor may merge with or into any corporation or sell, transfer, lease or convey all or substantially all of its assets substantially as an entirety to any corporation; provided that (a) the corporation formed by such merger or consolidation or the corporation which acquired such assets expressly assumes all of the obligations of the Guarantor hereunder (including additional amounts, if any, as set forth in Article Fourteen hereof), and (b) immediately after giving effect to such transaction, no Event of Default with respect to such Securities and no event which, after notice or lapse of time or both, would become an Event of Default with respect to such Securities, shall have occurred and be continuing (c) the Guarantor and the successor Person have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with."

SECTION 9.2 Amendment to Section 8.2 "Successor Substituted."

Section 8.2 is amended to insert "or the Guarantor, as the case may be," after "Company" in the first line of the first paragraph, both appearances and in the third, fourth, sixth, seventh, eighth and ninth lines of the first paragraph.

ARTICLE TEN

SUPPLEMENTAL INDENTURES

SECTION 10.1 Amendment to Section 9.1 "Supplemental Indentures Without Consent of Holders."

Section 9.1 is amended to insert "and the Guarantor" after "Company" in the first line of the first paragraph, and is further amended to insert "or the Guarantor" after "Company" in the first and second lines of clause (1) and the first and last lines of clause (2), and is further amended to insert "or the Guarantees" after "Securities" in the last line of clause (1), and is further amended to insert "or related Guarantee, if any" after "Securities" in the second and third lines of clause (2), and is further amended to insert "and related Guarantee, if any" after "Securities" in the second and fourth lines of clause (4), and is further amended to insert "and related Guarantee, if any," after "Securities" in the second line of clause (5), the first line of clause (6), the first line of clause (7), in the second line of clause (8) and in the fifth line of clause (9), and is further amended to insert "(and related Guarantee)" after "Security" in the third line of clause (5).

SECTION 10.2 Amendment to Section 9.2 "Supplemental Indentures with Consent of Holders."

Section 9.2 is amended to insert ", the Guarantor" after "Company" in the first appearance in the third line of the first paragraph, and is further amended to insert "and the Guarantor" after "Company" in the second appearance in the third line of the first paragraph, and is further amended to add "or" at the end of clause (3) and is further amended to add a new clause (4) as follows:

"(4) change in any manner adverse to the interests of the Holders of any Outstanding Securities the terms and conditions of the obligations of the Guarantor in respect of the due and punctual payment of principal thereof (and premium, if any) and interest, if any, thereon or any additional amounts or any sinking fund payments provided in respect thereof."

SECTION 10.3 Amendment to Section 9.6 "Reference in Securities to Supplemental Indentures."

Section 9.6 is amended to insert "and the Guarantor" after "Company" in the fourth line of the first paragraph, and is further amended to insert ", the Guarantor" after "Trustee" in the fifth line of the first paragraph, and is further amended to insert "along with the related Guarantees executed by the Guarantor" after "Company" in the sixth line of the first paragraph.

ARTICLE ELEVEN

COVENANTS

SECTION 11.1 Amendment to Section 10.2 "Maintenance of Office or Agency."

Section 10.2 is amended to insert "and the Guarantor" after "Company" in the first and ninth lines in the first paragraph, and is further amended to insert "or the Guarantor" after "Company" in the fourth, fifth and seventh lines of the first paragraph, and the first, fourth and sixth lines of the second paragraph.

SECTION 11.2 Amendment to Section 10.3 "Money for Securities Payments to Be Held in Trust."

Section 10.3 is amended to insert "or the Guarantor" after "Company" in the first line of the first paragraph and in the second, fifth and eighth lines of the last paragraph, and is further amended to insert "and the Guarantor" after "Company" in the first line of the second paragraph and is further amended to delete "it will" from the second line of the second paragraph and replace it with "the Company will", and is further amended to delete "shall be paid to the Company on Company Request" in the fourth line of the last paragraph and to replace it with "shall be paid to the Company or the Guarantor, as the case may be, on a Company Request or a Guarantor Request, as the case may be," and is further amended to insert the letter "s" at the end of "trust" in the fifth line of the last paragraph, and is further amended to insert "(or to the Guarantor pursuant to its Guarantee)" after "Company" in the sixth line of the last paragraph, and is further amended to insert "or the Guarantor, as the case may be" after "Company" in the last line of the last paragraph.

SECTION 11.3 Amendment to Section 10.9 "Waiver of Certain Covenants."

Section 10.9 is amended to insert "or the Guarantor, as the case may be," after "Company" in the first line of the first paragraph, and is further amended to insert "and the Guarantor, as the case may be," after "Company" in the eighth line of the first paragraph.

SECTION 11.4 Amendment to Section 10.11 "Appointments to Fill Vacancies in Trustee's Office."

Section 10.11 is amended to insert "and the Guarantor" after "Company" in the first line of the first paragraph.

ARTICLE TWELVE

REDEMPTION OF SECURITIES

SECTION 12.1 Amendment to Section 11.3 "Selection by Trustee of Securities to be Redeemed."

Section 11.3 is amended to insert "and the Guarantor" after "Company" in the first line of the second paragraph.

SECTION 12.2 Amendment to Section 11.5 "Deposit of Redemption Price."

Section 11.5 is amended to insert "or the Guarantor" after "Company" in the first and second lines of the first paragraph.

SECTION 12.3 Amendment to Section 11.6 "Debt Securities Payable on Redemption Date."

Section 11.6 is amended to insert "and the Guarantor" after "Company" in the third line of the first paragraph and is further amended to insert "or the Guarantor" after "Company" in the sixth line of the first paragraph.

SECTION 12.4 Amendment to Section 11.7 "Securities Redeemed in Part."

Section 11.7 is amended to insert ", each having endorsed thereon the Guarantee executed by the Guarantor" after the first use of the word "surrendered" in the ninth line of the first paragraph.

ARTICLE THIRTEEN

SINKING FUNDS

SECTION 13.1 Amendment to Section 12.2 "Satisfaction of Sinking Fund Payments with Securities."

Section 12.2 is amended to insert "or the Guarantor" after "Company" in the first line of the first paragraph.

ARTICLE FOURTEEN

GUARANTEES

SECTION 14.1 New Article Fourteen.

The Indenture is amended to add the following new Article XIV:

"ARTICLE XIV

GUARANTEES

The provisions of this Article shall be applicable to all Securities whether issued previous to or after the date of this First Supplemental Indenture.

SECTION 14.1 Guarantees.

The Guarantor hereby irrevocably and unconditionally guarantees to each Holder of any Security issued under this Indenture by the Company and to the Trustee on behalf of each such Holder, the due and punctual payment of the principal of (and premium, if any, on) and interest, if any, on each such Security (including any additional amounts payable in accordance with the terms of any such Security and this Indenture) and the due and punctual payment of any sinking fund payments provided for pursuant to the terms of any such Security when and as the same shall become due and payable, whether at the Stated Maturity, if any, by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the Holder or otherwise, in accordance with the terms of such Security and of this Indenture. In case of the failure of the Company punctually to make any such payment of principal (or premium, if any) or interest, if any, (including any additional amounts as referred to above) or sinking fund payment, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Stated Maturity, if any, by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the Holder or otherwise, and as if such payment were made by the Company.

The Guarantor will pay to the Holder of such Security such additional amounts as may be necessary in order that every net payment of the principal of (and premium, if any, on) and interest, if any, on such Security after deduction or other withholding for or on account of any present or future tax, assessment, duty or other governmental charge of any nature whatsoever imposed, levied or collected by or on behalf of the country in which the Guarantor is organized or any political subdivision or taxing authority thereof or therein having power to tax, will not be less than the amount provided for in such Security to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts will not apply on account of any tax, assessment, duty or other governmental charge which is payable (a) otherwise than by deduction or withholding from payments of principal of (or premium, if

any, on) or interest, if any, on such Security; or (b) by reason of the Holder having, or having had, some personal or business connection with the country in which the Guarantor is organized and not merely by reason of the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in, the country in which the Guarantor is organized; or (c) by reason of a change in law or official practice of any relevant taxing authority that becomes effective on or after the date hereof for payment of principal (or premium, if any), or interest, if any, in respect of such Security; or (d) by reason of any estate, excise, inheritance, gift, sales, transfer, wealth, personal property tax or any similar assessment or governmental charge; or (e) as a result of the failure of the Holder to satisfy any statutory requirements or make a declaration of nonresidence or other similar claim for exemption to the relevant tax authority; or (f) owing to any combination of clauses (a) through (e) above.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of any such Security, this Indenture or this guarantee, the absence of any action to enforce the same, any waiver or consent by the Holder of any such Security or by the Trustee or the Paying Agent with respect to any provisions thereof or of this Indenture or this guarantee, the existence of any judgment against the Company, as the Company, or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to such Security or the indebtedness evidenced thereby or with respect to any sinking fund payment required pursuant to the terms of any such Security and all demands whatsoever, and covenants that this Guarantee will not be discharged except by complete performance of all of the obligations of the Guarantor contained in this Indenture and any such Securities and in the Guarantees. If the Trustee or the Holder of any such Security is required by any court or otherwise to return (and does so return) to the Company or the Guarantor, or any custodian, receiver, liquidator, trustee, sequestrator or other similar official acting in relation to the Company or the Guarantor, any amount paid to the Trustee or such Holder in respect of any such Security, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor further agrees, to the fullest extent that it lawfully may do so, that, as between the Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, the Maturity of the obligations guaranteed hereby may be accelerated as provided in Section 5.2 hereof for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition extant under any applicable bankruptcy, insolvency, reorganization or other similar law of the United States or the Netherlands or any other applicable country or jurisdiction preventing such acceleration in respect of the obligations guaranteed hereby.

The Guarantor shall be subrogated to all rights of the Holders of such Securities of a particular series against the Company in respect of any amounts paid to such Holders by the Guarantor pursuant to the provisions of the Guarantees under this Indenture; provided, however,

that the Guarantor shall not be entitled to receive any payments arising out of the subrogation from the Company (i) while any Event of Default shall have occurred and be continuing with respect to any Securities issued by the Company under Sections 5.1(1), 5.1(2), 5.1(3), 5.1(5), 5.1(6), or 5.1(4) (but only to the extent such Event of Default under Section 5.1(4) arises out of a default by the Company under the covenants set forth in Section 10.1), or (ii) any default (which with the passage of time would become an Event of Default) with respect to any Securities issued by the Company, under Section 5.1(1) or 5.1(2) shall have occurred and be continuing.

SECTION 14.2 Execution and Delivery of Guarantees.

Outstanding Securities issued prior to the date hereof shall be guaranteed pursuant to the terms of Section 14.1 hereof and no endorsement, authentication or other evidence of such Guarantee shall be necessary on any such Outstanding Security and no separate Guarantee need be executed and delivered by the Guarantor to the Holder of a Security Outstanding on the date hereof.

To evidence its Guarantee provided in Section 14.1 for Securities issued after the date hereof, the Guarantor hereby agrees to execute the Guarantee, in a form established pursuant to Section 2.6, to be endorsed on each Security issued hereunder by the Company. Each such Guarantee shall be executed on behalf of the Guarantor by any two of its authorized representatives. The signature of any authorized representative on each Guarantee may be manual or facsimile.

Any Guarantee bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Guarantor shall bind the Guarantor, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Securities upon which any such Guarantee is endorsed or did not hold such offices at the date of such Securities.

The delivery of any such Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee. The Guarantor hereby agrees that its Guarantee set forth in Section 14.1 shall remain in full force and effect notwithstanding any failure to endorse on each such Security a notation of such Guarantee."

IN WITNESS WHEREOF, the parties hereby have caused this First Supplemental Indenture to be duly executed as of the day and year first above written.

CASE CORPORATION

By: /s/ Theodore R. French

Name: Theodore R. French
Title: President, Financial Services, and
Chief Financial Officer

CNH GLOBAL N.V.,
as Guarantor

By: /s/ Theodore R. French

Name: Theodore R. French
Title: President, Financial Services, and
Chief Financial

THE BANK OF NEW YORK,
as Trustee

By: /s/ Mary La Gumina
Name: Mary La Gumina
Title: Assistant Vice President

CNH GLOBAL N.V.
OUTSIDE DIRECTORS' COMPENSATION PLAN

This Outside Directors' Compensation Plan (the "Plan") has been established by action of the CNH Global N.V. of Amsterdam, the Netherlands (the "Company") Board of Directors (the "Board") effective as of the date the Plan is approved by the Board.

1. INTRODUCTION. The purpose of the Plan is to provide for (i) the payment of the annual retainer fee and committee chair fee (collectively, the "Annual Fees") to independent outside members of the Board ("Outside Directors") in the form of common shares of the Company ("Common Shares"); (ii) an annual grant of options to purchase Common Shares; (iii) an opportunity to defer all or a portion of their Annual Fees otherwise payable in Common Shares; and (iv) an opportunity to convert all or a portion of their Annual Fees into stock options.

2. ELIGIBILITY. Subject to the terms and conditions of the Plan, each Outside Director shall be a participant in the Plan. Each Outside Director shall be entitled to receive Annual Fees and meeting fees as determined by the Chairman of the Board in accordance with Article 12 of the Company's Articles of Association, which Annual Fees and meeting fees, as in effect from time to time, shall be reflected on Appendix A, attached hereto.

3. STOCK GRANTS. Subject to the terms and conditions of the Plan, including Sections 4 and 5 hereof, the Annual Fees payable to an Outside Director shall be paid in accordance with this Section 3. As of (i) February 29, 2000, (ii) the day immediately preceding the date of the 2000 Annual General Meeting of the Company's shareholders, and (iii) the last day of each Plan Year Quarter (as described below) thereafter, each Outside Director shall be granted automatically a number of Common Shares equal in value to 25% of the annual retainer fee, and if he or she is a committee chair 25% of the annual committee chair fee, each as listed in Appendix A, attached hereto, as amended from time to time in accordance with the amendment procedures of the Plan.

- (a) FAIR MARKET VALUE. The value of each Common Share (the "Fair Market Value") shall be determined as of the last business day of the Plan Year Quarter for which it is granted and shall be equal to the average of the highest and lowest sales price a Common Share on the Composite Tape for such date as reported by the National Quotations Bureau Incorporated; provided that, if no sales of Common Shares are included on the Composite Tape for such date, the Fair Market Value of a share of Common Shares on such date shall be deemed to be the average of the highest and lowest

prices of a Common Share as reported on said Composite Tape for the next preceding day on which sales of Common Shares are included.

- (b) PRORATION FOR PARTIAL SERVICES. If the Outside Director is not a member of the Board or a committee chair during an entire Plan Year Quarter, the retainer and committee chair fees to which he or she is entitled as well as his or her award of Shares for that Quarter shall be reduced, pro rata, to reflect the portion of the Quarter in which he or she was not an Outside Director or committee chair, as the case may be.
- (c) FRACTIONAL SHARES. An Outside Director shall be entitled to a whole Share for any fractional Share to which he or she would otherwise be entitled for any Plan Year Quarter under the foregoing provisions of this Section 3.
- (d) PLAN YEAR. For purposes of the Plan, the term "Plan Year" means the period beginning on the date of the Company's Annual General Meeting of shareholders and ending on the day immediately prior to the first day of the following Plan Year. For any Plan Year, the first Plan Year Quarter shall begin on the first day of the Plan Year, and shall end on the 90th day of the Plan Year; the second Plan Year Quarter shall begin on the 91st day of the Plan Year, and shall end on the 180th day of the Plan Year; the third Plan Year Quarter shall begin on the 181st day of the Plan Year, and shall end on the 270th day of the Plan Year; and the fourth Plan Year Quarter shall begin on the 271st day of the Plan Year, and shall end on the last day of the Plan Year.

4. CASH ELECTION. Subject to the terms and conditions of the Plan, an Outside Director may irrevocably elect, by filing a form with the Secretary of the Company (the "Secretary") in such form as the Secretary may from time to time require, to receive a portion of his or her Annual Fees for any Plan Year in cash, provided that an Outside Director may not elect to receive more than 50% of the Annual Fees in cash. For the Plan Year ending in 2000, any such election must be filed prior to February 29, 2000. For any Plan Year thereafter, such election must be filed prior to the first day of such Plan Year. Notwithstanding the foregoing provisions of this Section 4, an individual who becomes an Outside Director after the first day of a Plan Year may irrevocably elect, by filing a form with the Secretary in such form as the Secretary may from time to time require prior to the date on which he or she first becomes an Outside Director, to receive a portion of his or her Annual Fees for the remainder of the Plan Year in which he or she first becomes an Outside Director in cash, up to a maximum of 50% of such Annual Fees for the remainder of the Plan Year.

5. OPTIONS. Subject to the terms and conditions of the Plan, each Outside Director will be awarded stock options under the Plan in accordance with the following:

- (a) AUTOMATIC OPTION GRANTS. Each individual who is an Outside Director on the date the Plan is approved by the Board shall be granted automatically as of that date an option to acquire 3,750 Common Shares. Thereafter, each individual who is an Outside Director on the date of the Annual General Meeting of the Company's shareholders shall be granted automatically as of that date an option to purchase that number of Common Shares listed in Appendix A (the "Automatic Option Grant"), attached hereto as amended from time to time in accordance with the amendment procedures of the Plan. Each individual who becomes an Outside Director other than on the date of an Annual General Meeting of the Company's shareholders shall receive an Automatic Option Grant reduced pro rata to reflect the portion of the Plan Year elapsed prior to the date on which the individual first became an Outside Director, provided that any fractional share resulting from such reduction shall be rounded up to a whole share.

- (b) ELECTIVE OPTION GRANTS. For the period beginning on the date the Plan is approved by the Board and ending on the last day of the Plan Year ending in the year 2000 and for any Plan Year beginning thereafter, each Outside Director, by filing a written "Option Election" with the Secretary in such form as the Secretary may from time to time require, may elect to forego payment of all or any portion of the Annual Fees otherwise payable to him or her during such period or for any such Plan Year, as applicable, and to instead receive, as of each date on which such Annual Fees would otherwise have been paid to him or her (each an "Elective Grant Date"), an option to purchase that number of Common Shares equal to the quotient (rounded to the nearest whole number of shares) of (1) divided by (2) where:
 - (1) is the product of the amount of the Annual Fees that would otherwise have been paid to the Outside Director on the applicable Elective Grant Date which are subject to his or her Option Election, multiplied by four; and
 - (2) is the Fair Market Value of a Common Share on the applicable Elective Grant Date.

Each option granted pursuant to this paragraph (b) shall be referred to herein as an "Elective Option Grant" and, where appropriate, will be

referred to collectively with an Automatic Option Grant as an "Option Grant". An Outside Director's Option Election shall be effective with respect to Annual Fees otherwise payable to him or her for services rendered after the last day of the Plan Year in which such election is filed with the Secretary; provided, however, that:

- (A) each Outside Director may make an Option Election prior to February 29, 2000 with respect to Annual Fees payable during the period beginning on the date the Plan is approved by the Board and ending on the last day of the Plan Year ending in the year 2000;
 - (B) if an individual becomes an Outside Director on or after the first day of a Plan Year and files an Option Election with the Secretary prior to the date on which he or she first becomes an Outside Director, his or her Option Election shall be effective with respect to Annual Fees otherwise payable to him or her for services rendered on and after the day on which he or she first becomes an Outside Director; and
 - (C) by notice filed with the Secretary, an Outside Director may terminate or modify any Option Election as to Annual Fees payable for services rendered after the last day of the Plan Year in which such notice is filed with the Secretary.
- (c) RELOAD STOCK OPTIONS. "Reload Stock Options" shall be awarded to an Outside Director when and if he or she pays the Option Price under an Option Grant, described above, by delivery of Common Shares on the settlement date for such exercise. A Reload Stock Option entitles its holder to purchase the number of Common Shares so delivered for an Option Price equal to the Fair Market Value of a share of Common Stock on such settlement date. No more than one Reload Stock Option shall be granted to an Outside Director in any twelve-month period, the maximum number of Reload Stock Options that may be granted to an Outside Director with respect to any Option Grant is five, and no Reload Stock Options will be issued within six months prior to the scheduled expiration date of the Option Grant to which it relates. Notwithstanding the above, no Reload Stock Option shall be granted unless the recipient is an Outside Director of the Company at the time of delivery of Common Shares. Notwithstanding any other provision hereof, a Reload Stock Option shall not become exercisable until six months after its award date and its maximum term will terminate at the time specified hereunder for the Option Grant to which it relates.

For purposes of the Plan, Automatic Option Grants, Elective Option Grants and Reload Stock Options are sometimes referred to herein collectively as "Stock Options".

6. TERMS OF OPTION GRANTS.

- (a) OPTION AGREEMENT. Each Stock Option shall be evidenced by a written stock option agreement which shall be executed by the Outside Director and the Company and which shall contain such terms and conditions as are consistent with this Plan.
- (b) EXERCISE PRICE. The exercise price for a Common Share under an Option Grant shall be 100% of the Fair Market Value of Common Share on the date the Option Grant is made.
- (c) COMMENCEMENT OF EXERCISABILITY. Each Automatic Option Grant made under the Plan shall become exercisable on the third anniversary of the grant date or, if earlier, with respect to Automatic Option Grants that have been outstanding at least six months, the date the individual ceases to be an Outside Director for any reason other than removal for cause by the Company's shareholders. Each Elective Option Grant shall be immediately exercisable upon grant but Common Shares purchased upon exercise of an Elective Option Grant may not be sold until the date which is at least six months after the date such Elective Option Grant is made.
- (d) TERM. Each Option Grant shall terminate upon the earlier of (i) ten years after the date of grant or (ii) six months after the date an individual ceases to be an Outside Director.
- (e) DEATH OF OUTSIDE DIRECTOR. Notwithstanding paragraph 6(c) above, the Automatic Option Grants and Reload Stock Options that have been awarded to an Outside Director whose Board membership is terminated due to death shall be immediately exercisable. Notwithstanding paragraph (d) above, the Outside Director's designated beneficiary or estate if no beneficiary has been designated may exercise any Stock Options within the six-month period following the death of the Outside Director.
- (f) TOTAL DISABILITY OF OUTSIDE DIRECTOR. Notwithstanding paragraphs 6(c) or 6(d) above, the Automatic Option Grants and Reload Stock Options that have been awarded to an Outside Director whose Board membership is terminated due to Total Disability shall be immediately exercisable and all Stock Options shall remain exercisable within the six-month period following the

Outside Director's termination for Total Disability. For purposes of this provision, "Total Disability" means the permanent inability (as determined by the Outside Director's medical doctor) of the Outside Director which is a result of accident or sickness, to perform the duties of a director of the Company.

- (g) CHANGE OF CONTROL. Notwithstanding paragraphs 6(c) or 6(d) above, the Automatic Option Grants and Reload Stock Options that have been awarded to an Outside Director shall be immediately exercisable and all Stock Options shall remain exercisable for a six-month period if a change of control (as determined by the Board of Directors) of the Company or of the majority shareholder of the Company occurs. Notwithstanding the above, Stock Options that are awarded within six months of the date the change of control occurs shall not be subject to this provision.

7. MANNER OF PAYMENT OF OPTION PRICE. The Option Price shall be paid in full at the time of the exercise of any Stock Option and may be paid in any of the following methods or combinations thereof:

- (a) in United States dollars, in cash, check, bank draft or money order payable to the order of the Company;
- (b) by the tendering, either by actual delivery or by attestation, Common Shares acceptable to the Board (but excluding any shares acquired from the Company unless such shares were acquired and vested more than six months prior to the date tendered under this clause (b)) having an aggregate Fair Market Value on the date of such exercise equal to the Option Price; or
- (c) in any other manner that the Board shall approve, including without limitation any arrangement that the Board may establish to enable Outside Directors to simultaneously exercise Stock Options and sell the Common Shares acquired thereby and apply the proceeds to the payment of the Option Price therefor.

8. DEFERRED COMPENSATION.

- (a) DEFERRAL OF COMPENSATION. Subject to the terms and conditions of the Plan, each Outside Director, by filing a written "Deferral Election" with the Secretary in such form as the Secretary may from time to time require, may elect to defer until the Distribution Date (as defined below) the receipt of all or any portion of the Annual Fees that are otherwise payable to him or her in the form of Common Shares ("Eligible Deferral Amounts"). For purposes of

the Plan, an Outside Director's "Distribution Date" shall be the date on which the Outside Director ceases to be a director of the Company for any reason. For the Plan Year ending in the year 2000, an Outside Director's Deferral Election shall be effective with respect to Eligible Deferral Amounts otherwise payable to him or her for services rendered during such Plan Year, provided that it is filed prior to February 29, 2000. Thereafter, an Outside Director's Deferral Election shall be effective with respect to Eligible Deferral Amounts otherwise payable to him or her for services rendered after the last day of the Plan Year in which such election is filed with the Secretary; provided, however, that:

- (1) if an individual becomes an Outside Director on or after the first day of a Plan Year and files a Deferral Election with the Secretary prior to the date on which he or she first becomes an Outside Director, his or her Deferral Election shall be effective with respect to Eligible Deferral Amounts otherwise payable to him or her for services rendered on and after the day on which he or she first becomes an Outside Director; and
- (2) by notice filed with the Secretary, an Outside Director may terminate or modify any Deferral Election as to Eligible Deferral Amounts payable for services rendered after the last day of the Plan Year in which such notice is filed with the Secretary.

(b) CREDITING AND ADJUSTMENT OF DEFERRED AMOUNTS. The amount of any Eligible Deferral Amounts deferred pursuant to an Outside Director's Deferral Election in accordance with paragraph 8(a) ("Deferred Compensation") shall be credited to a bookkeeping account maintained by the Company in the name of the Outside Director (the "Deferred Compensation Account"). An Outside Director's Deferred Compensation Account shall be adjusted as follows:

- (1) as of any date on which Eligible Deferral Amounts would have been payable to the Outside Director in Common Shares but for his or her Deferral Election, the Outside Director's Deferred Compensation Account shall be credited with that number of stock units ("Stock Units") equal to the number of Common Shares to which he or she would have been entitled as of the applicable date;

- (2) as of the date on which Common Shares are distributed in accordance with paragraph 8(c) or 8(d) below, the Outside Director's Deferred Compensation Account shall be charged with an equal number of Stock Units;
- (3) as of the record date for any dividend paid on Common Shares, the Outside Director's Deferred Compensation Account shall be credited with that number of additional Stock Units which is equal to the number obtained by (i) multiplying the number of Stock Units then credited to the Outside Director's Deferred Compensation Account by (ii) the amount of the cash dividend or the fair market value (as determined by the Committee) of any dividend in kind payable on a Common Share, and (iii) dividing that product by the then Fair Market Value of a Common Share.
- (c) PAYMENT OF DEFERRED COMPENSATION ACCOUNT. Except as otherwise provided in paragraph 8(d), as soon as practicable after an Outside Director's Distribution Date, the balance then credited to his or her Deferred Compensation Account shall be distributed to the Outside Director in a single sum in whole Common Shares, with the number of Common Shares to be distributed equal to the number of Stock Units credited to the Outside Director's Deferred Compensation Account as of the Distribution Date.
- (d) PAYMENTS IN THE EVENT OF DEATH. If an Outside Director's Distribution Date occurs on account of his or her death, the balance then credited to his or her Deferred Compensation Account shall be distributed to the Outside Director's Beneficiary (as described below), as soon as practicable after his or her death, in a single sum in whole Common Shares, with the number of Common Shares to be distributed equal to the number of Stock Units credited to the Outside Director's Deferred Compensation Account as of the date of his or her death. For purposes of this Section 8, an Outside Director's "Beneficiary" is the person or persons the Outside Director designates, which designation shall be in writing, signed by the Outside Director and filed with the Secretary prior to the Outside Director's death. A Beneficiary designation shall be effective when filed with the Secretary in accordance with the preceding sentence. If more than one Beneficiary has been designated, the balance in the Outside Director's Deferred Compensation Account shall be distributed to each such Beneficiary per capita unless the Outside Director specifies otherwise. In the absence of a Beneficiary designation or if no Beneficiary survives the Outside Director, the Beneficiary shall be the Outside Director's estate.

9. PLAN ADMINISTRATION. The Plan shall be administered by the Nominating and Compensation Committee of the Board (the "Committee").

10. SHARES SUBJECT TO PLAN. Subject to the provisions of Section 11, the number of Common Shares which may be subject to awards under the Plan shall not exceed 1,000,000 shares. Common Shares issued under the Plan may be authorized but unissued shares or treasury shares. If any Shares are subject to an award under the Plan that expires, is cancelled or is forfeited, such Common Shares shall again become available for issuance under the Plan.

11. ADJUSTMENTS AND REORGANIZATIONS. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, extraordinary dividend, spin-off, split-up, share combination, or other change in the corporate structure of the Company affecting the Common Shares, the number and kind of shares that may be delivered under the Plan shall be subject to such equitable adjustment as the Committee, in its sole discretion, may deem appropriate in order to preserve the benefits or potential benefits to be made available under the Plan, and the number and kind and price of shares subject to outstanding Stock Options, the option price and any other terms of outstanding Stock Options or Stock Grants and the number of Stock Units held under any Deferred Compensation Account shall be subject to such equitable adjustment as the Committee, in its sole discretion, may deem appropriate in order to prevent dilution or enlargement of outstanding Stock Options or Stock Grants or the balance of any Deferred Compensation Account.

12. TRANSFERABILITY OF AWARDS. No awards under the Plan shall be assignable, alienable, saleable or otherwise transferable other than by will or the laws of descent.

13. NO RIGHT OF CONTINUED SERVICE. Participation in the Plan does not give any director the right to be retained as a director of the Company or any right or claim to any benefit under the Plan unless such right or claim has specifically accrued under the terms of the Plan.

14. GOVERNING LAW. The validity, construction and effect of the Plan, and any actions taken or relating to the Plan, shall be determined in accordance with the laws of the State of Delaware, U.S.A.

15. SUCCESSORS AND ASSIGNS. The Plan shall be binding on all successors and assigns of an Outside Director, including, without limitation, the estate of such director and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the director's creditors.

16. RIGHTS AS A SHAREHOLDER. A director shall have no rights as a shareholder of the Company with respect to shares awarded under the Plan or subject to options awarded under the Plan until he or she becomes the holder of record of Common Shares.

17. AMENDMENT. The Plan and any attachments thereto may be amended by action of the Board.

18. GENERAL RESTRICTIONS. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any Common Shares under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the United States Securities Act of 1933), and are authorized for listing on any securities exchange on which the Common Shares of the Company are listed. To the extent that the Plan provides for the issuance of Common Shares, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange on which the Common Shares of the Company are listed.

APPENDIX A

(Effective as of the date the Plan is approved by the Board)

Annual Retainer fee:	\$35,000
Annual Committee Chair fee:	\$ 5,000
Board or Committee meeting fee:	\$ 1,250*
Automatic Option Grant:	7,500 Shares

For the Plan Year ending in the year 2000, eligible directors will be entitled to 50% of the Annual Retainer Fee and Annual Committee Chair Fee. The fees are payable in two equal installments, one as of February 29, 2000 and the other as of the day immediately preceding the date of the 2000 Annual General Meeting of the Company's shareholders.

* Payable only in cash for each meeting attended.

CNH GLOBAL N.V.
EQUITY INCENTIVE PLAN

1. PURPOSE

The purpose of the Plan is to promote the long-term success of CNH Global N.V. (the "Company") for the benefit of the Company's shareholders by encouraging officers and employees to have meaningful investments in the Company so that, as shareholders themselves, those individuals will be more likely to represent the views and interests of other shareholders and by providing incentives to such officers and employees for continued service. The Company believes that the possibility of participation under the Plan will provide this group of officers and employees an incentive to perform more effectively and will assist the Company and the CNH Companies in attracting and retaining people of outstanding training, experience and ability.

2. DEFINITIONS

"Award" means an award or grant made to a Participant under Section 8.

"Award Agreement" means the agreement provided in connection with an Award under Section 11.

"Award Date" means the date that an Award is made, as specified in an Award Agreement.

"Award Price" means the price specified in the Award Agreement with respect to an SAR pursuant to Section 8B.

"CNH Company" means the Company, any stock company of which a majority of the capital stock generally entitled to vote for directors is owned directly or indirectly by the Company, and any other company designated as such by the Committee, but only during the period of such ownership or designation.

"Code" means the United States Internal Revenue Code of 1986, as amended, or any successor legislation.

"Committee" means the Nominating and Compensation Committee of the Company's Board of Directors, or any sub-committee thereof, or any successor committee thereto.

"Common Shares" means the Company's common shares

"Company" means CNH Global N.V. of Amsterdam, the Netherlands.

"Covered Employees" shall have the meaning specified in Section 162(m)(3) of the Code.

"Dividend Equivalent" means an amount equal to the amount of the cash dividends that are declared and become payable with respect to Common Shares after the Award Date for the Award to which the Dividend Equivalent relates and on or before the Settlement Date for such Award.

"Fair Market Value" on any date means the average of the highest and the lowest sales prices of a Common Share on the Composite Tape for such date, as reported by the National Quotation Bureau Incorporated; provided that, if no sales of Common Shares are included on the Composite Tape for such date, the Fair Market Value of a share of Common Shares on such date shall be deemed to be the average of the highest and lowest prices of a share of Common Shares as reported on said Composite Tape for the next preceding day on which sales of Common Shares are included.

"ISO" means any Stock Option designated in an Award Agreement as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

"Non-Qualified Stock Option" means any Stock Option that is not an ISO.

"Option Price" means the purchase price of one share of Common Shares under a Stock Option.

"Participant" means an employee or officer of a CNH Company who has been selected by the Committee to receive an Award under the Plan.

"Performance Unit" means an Award denominated in cash, the amount of which may be based on performance of the Participant or of CNH Global N.V. or of any subsidiary or division thereof.

"Plan" means this CNH Global N.V. Equity Incentive Plan, as amended from time to time.

"Reload Stock Option" means a Stock Option (i) that is awarded, either automatically in accordance with the terms of an Award Agreement in which one or more other Awards are made or by separate Award, upon the exercise of a Stock Option granted under this Plan or otherwise where the Option Price is paid by the option holder by delivery of shares of Common Shares on the Settlement Date for such exercise and (ii) that entitles such holder to purchase the number of shares so delivered for an Option Price equal to the Fair Market Value of a share of Common Shares on such Settlement Date.

"Restricted Stock" means Common Shares subject to restrictions and conditions awarded pursuant to Section 8.C.

"Settlement Date" means, (i) with respect to any Stock Option that has been exercised in whole or in part, the date or dates upon which shares of Common Shares are to be delivered to the Participant and the Option Price therefor paid, (ii) with respect to any SARs that have been exercised, the date or dates upon which a cash payment is to be made to the Participant, or in the case of SARs that are to be settled in shares of Common shares, the date or dates upon which such shares are to be delivered to the Participant, (iii) with respect to Performance Units, the date or dates upon which cash or shares of Common Shares are to be delivered to the Participant, (iv) with respect to the Dividend Equivalents, the date upon which payment thereof is to be made, and (v) with respect to Stock Equivalent Units, the date upon which payment thereof is to be made, in each case determined in accordance with the terms of the Award Agreement under which any such Award was made.

"Stock Appreciation Right" or "SAR" means an Award that entitles the Participant to receive on the Settlement Date an amount equal to the excess of:

- (i) the Fair market value of a share of Common Shares on the date of exercise of the SAR over
- (ii) the Award Price specified in the Award Agreement.

"Stock Equivalent Unit" means an Award that entitles the Participant to receive on the Settlement Date an amount equal to the Fair Market Value of one share of Common Shares on such date.

"Stock Option" or "Option" means any right to purchase shares of Common Shares (including a Reload Stock Option) awarded pursuant to Section 8.A.

3. TERM

The Plan shall be effective as of the date the Plan is approved by the Board, and shall remain in effect until terminated in accordance with Section 12. After termination of the Plan, no further Awards may be granted other than Reload Stock Options granted in accordance with Award Agreements existing as of the date Of termination, but outstanding Awards shall remain effective in accordance with their terms and the terms of the Plan.

4. PLAN ADMINISTRATION

A. The Committee shall be responsible for administering the Plan.

(i) Powers. The Committee shall have full and exclusive discretionary power to interpret the Plan and to determine eligibility for benefits and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such power shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including terms and conditions relating to a change in control of the Company, the majority shareholder of the Company, or any CNH Company and adopting modifications and amendments to the Plan or any Award Agreement, including without limitation, any that are necessary to comply with the laws of the countries in which the Company or its affiliates operate; provided, however, that subject to Section 7 and except as otherwise specifically provided in the Award Agreement, no such modification or amendment shall impair the rights of any Participant, without his consent, in any Award previously granted under the Plan.

(ii) Delegation. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, (i) the Chairman and Chief Executive Officer of the Company shall have the authority to select Award recipients and establish the terms and conditions of such Awards within the limits of the Plan to officers and employees who are not executive officers of the Company and who do not report directly to either the Chairman and Chief Executive Officer or the President and Chief Operating Officer of the Company, and (ii) the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities

and powers to any person or persons selected by it. To the extent that the Committee has allocated or delegated any portion of its responsibilities or powers, references herein to the Committee shall include, with respect to such responsibilities or powers, the person or persons to whom they have been allocated or delegated.

B. The Committee may employ attorneys, consultants, accountants and other persons, and the Committee, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participants, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or Awards, and all members of the Committee shall be fully protected by the Company, to the fullest extent permitted by applicable law, in respect of any such action, determination or interpretation.

5. ELIGIBILITY

Awards will be limited to persons who are officers or employees of the CNH Companies. In determining the persons to whom Awards shall be made, the Committee shall, in its discretion, take into account the nature of the person's duties, past and potential contributions to the success of the CNH Companies and such other factors as the Committee shall deem relevant in connection with accomplishing the purposes of the Plan. A director of the Company or a CNH Company who is not also an officer or employee shall not be eligible to receive an Award. A person who has received an Award or Awards may receive an additional Award or Awards.

6. SHARES SUBJECT TO PLAN

A. Subject to adjustment pursuant to Section 7:

(i) the maximum number of Common Shares that shall be available for issuance under the Plan shall be 28,000,000;

(ii) in no event shall the aggregate number of shares of Common Shares underlying Options and SARs awarded to any one Participant during any calendar year exceed 2,000,000 shares.

B. Common Shares that may be issued under the Plan may be either authorized and unissued shares or issued shares that have been reacquired by the Company and that are being held as treasury shares. No fractional shares shall be issued under the Plan; provided, however, that cash, in an amount equal to the Fair Market Value of a fractional share as of the Settlement Date of the Award, shall be paid in lieu of any fractional shares in the settlement of Awards payable in Common Shares.

7. ADJUSTMENTS AND REORGANIZATION

In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, extraordinary dividend, spin-off, split-up, rights offering, share combination, or other change in the corporate structure of the Company affecting the Common Shares, the number and kind of shares that may be delivered under the Plan shall be subject to such equitable adjustment as the Committee, in its sole discretion, may deem appropriate in order to preserve the benefits or potential benefits to be made available under the Plan, and the number and kind and price of shares subject to outstanding Awards and any other terms of outstanding Awards shall be subject to such equitable adjustment as the Committee, in its sole discretion, may deem appropriate in order to prevent dilution or enlargement of outstanding Awards.

8. AWARDS

The Committee shall determine the type and amount of any Award to be made to any Participant; provided, however, that no Awards granted pursuant to this Plan shall vest in less than six months after the date the Award is granted. Awards may be granted singly, in combination, or in tandem. Awards may also be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for, grants or rights under any other employee benefit or compensation plan of the CNH Companies, including any such employee benefit or compensation plan of any acquired entity.

A. Stock Options

(i) Grants. The Committee may grant any Participant one or more ISOs, Non-Qualified Stock Options, or both, in each case with or without SARs or Reload Stock Options or any other form of Award. Stock Options granted pursuant to this Plan shall be subject to such additional terms, conditions, or restrictions as may be provided in the Award Agreement relating to such Stock Option.

(ii) Option Price. The Option Price of a Stock Option shall be not less than 100% of the Fair Market Value of a Common Share on the Award Date; provided, however, that in the case of a Non-Qualified Stock Option granted retroactively in tandem with or as substitution for another Award, the Option Price shall not be less than the price that the Committee determines necessary to preserve the value of such other Award on the date of substitution; and provided further that, to the extent provided in a written offer of employment, the Option Price of a Stock Option shall not be less than 100% of the Fair Market Value of a Common Share on such other date specified in the offer letter but not earlier than the date of offer.

(iii) ISOs. In no event shall an ISO be awarded on or after the tenth anniversary of the date the Plan is adopted or the date the Plan is approved by the Company's shareholders, whichever is earlier, and in no event shall the number of Common Shares which may be subject to ISOs exceed the number of Common Shares available under Section 6A prior to such tenth anniversary. Anything in this Plan to the contrary notwithstanding, no term of this Plan relating to ISOs shall be interpreted, amended, or altered, nor shall any discretion or authority awarded under the Plan be exercised, so as to disqualify this Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any ISO under Section 422 of the Code.

(iv) Manner of Payment of Option Price. The Option Price shall be paid in full at the time of the exercise of the Stock Option (except that, in the case of an exercise arrangement approved by the Committee in accordance with clause (c) below, payment may be made as soon as practicable after the exercise) and may be paid in any of the following methods or combinations thereof:

(a) in United States dollars in cash, check, bank draft or money order payable to the order of the Company;

(b) by the tendering, either by actual delivery or by attestation, Common Shares acceptable to the Committee (but excluding any shares acquired from the Company unless such shares were acquired and vested more than six months prior to the date tendered under this clause

(b)) having an aggregate Fair Market Value on the date of such exercise equal to the Option Price; or

(c) in any other manner that the Committee shall approve, including without limitation, any arrangement that the Committee may establish to enable Participants to simultaneously exercise Stock Options and sell the shares of Common Shares acquired thereby and apply the proceeds to the payment of the Option Price therefor.

(v) Reload Stock Options. The Committee may award Reload Stock Options to any Participant either in combination with other Awards or in separate Award Agreements that grant Reload Stock Options upon exercise of outstanding stock options granted under this Plan or otherwise.

B. Stock Appreciation Rights.

(i) Grants. The Committee may award any Participant SARs, which shall be subject to such additional terms, conditions, or restrictions as may be provided in the Award Agreement relating to such SAR Award, including any limits on aggregate appreciation. SARs may be settled in Common Shares or cash or both.

(ii) Award Price. The Award Price per share of Common Shares of a SAR shall be fixed in the Award Agreement and shall be not less than 100% of the Fair Market Value of a share of Common Shares on the date of the Award; provided, however, that in the case of a SAR awarded retroactively in tandem with or as a substitution for another Award, the Award Price per share of a SAR shall be not less than 100% of the Fair Market Value of a share of Common Shares on the date of such other Award.

(iii) Distribution of SARs. SARs shall be exercisable in accordance with the conditions and procedures set out in the Award Agreement relating to such SAR Award.

C. Common Shares and Restricted Stock. The Committee may award Common Shares or Restricted Stock to any Participant. Awards of Restricted Stock shall be subject to such conditions and restrictions as are established by the Committee and set forth in the Award Agreement, which may include, but are not limited to, continued service with the

Company, achievement of specific business objectives, and other measurements of individual or business unit or Company performance.

D. STOCK EQUIVALENT UNITS. The Committee may award Stock Equivalent Units to any Participant. All or part of any Stock Equivalent Units Award may be subject to conditions and restrictions established by the Committee, and set forth in the Award Agreement, which may include, but are not limited to, continued service with the Company, achievement of specific business objectives, and other measurements of individual or business unit or Company performance that may include but shall not be limited to, earnings per share, net profits, total shareholder return, cash flow, return on shareholders' equity, and cumulative return on net assets employed.

E. DIVIDENDS AND DIVIDEND EQUIVALENTS. An Award (including without limitation a Stock Option or SAR Award) may provide the Participant with the right to receive dividend payments or Dividend Equivalent payments with respect to Common Shares subject to the Award (both before and after the Common Shares subject to the Award are earned, vested, or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or Common Shares, as determined by the Committee. In lieu of awarding Dividend Equivalents, the Committee may provide for automatic awards of Stock Equivalent Units on each date that cash dividends or Dividend Equivalent will be paid in an amount equal to (i) the amount of such dividends or Dividend Equivalents, divided by (ii) the Fair Market Value of the Common Shares on the dividend payment date.

F. PERFORMANCE UNITS. Performance Units shall be based on attainment over a specified period of individual performance targets or on other parameters that may include, but shall not be limited to, earnings per share, total shareholder return, cash flow, return on shareholders' equity, and cumulative return on net assets employed. Performance Units may be settled in Common Shares or cash or both.

9. DEFERRALS AND SETTLEMENTS

Settlement of Awards may be in the form of cash, Common Shares, other Awards, or in combinations thereof as the Committee shall determine, and with such other restrictions as it may impose. Subject to paragraph 4A.(i), the Committee may also require or permit Participants to defer the issuance or vesting of shares or the settlement of Awards under such rules and procedures as it may establish under the Plan. The Committee may also provide that

deferred settlements include the payment of, or crediting of interest on, the deferral amounts or the payment or crediting of Dividend Equivalents on deferred settlements denominated in shares.

10. TRANSFERABILITY

Except as otherwise provided by an Award Agreement, no Awards under the Plan shall be assignable, alienable, saleable or otherwise transferable other than by will or the laws of descent and distribution.

11. AWARD AGREEMENTS

Awards under the Plan shall be evidenced by Award Agreements that set forth the details, conditions and limitations for each Award, which may include the term of an Award, the provisions applicable in the event the Participant's employment terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind any Award, subject to the terms of the Plan.

12. TERMINATION

The Committee may terminate the Plan at any time provided, however, that no termination shall impair the rights of any Participant, without his consent, in any Award previously granted under the Plan.

13. TAX WITHHOLDING

The Company shall have the right to (i) make deductions from any settlement of an Award made under the Plan, including the delivery or vesting of shares, or require shares or cash or both be withheld from any Award, in each case in an amount sufficient to satisfy withholding of any applicable federal, state or local taxes required by law, or (ii) take such other action as may be necessary or appropriate to satisfy any such withholding obligations. The Committee may determine the manner in which such tax withholding may be satisfied, and may permit Common Shares (rounded up to the next whole number) to be used to satisfy required tax withholding based on the Fair Market Value of any such shares of Common Shares, as of the Settlement Date of the applicable Award.

14. OTHER COMPANY BENEFIT AND COMPENSATION PROGRAMS

Unless otherwise specifically determined by the Committee, settlements of Awards received by a Participant under the Plan shall not be deemed a part

of the Participant's regular, recurring compensation for purposes of calculating payments or benefits from any Company benefit plan, severance program or severance pay law of any country. Further, the Company may adopt other compensation programs, plans or arrangements as it deems appropriate or necessary.

15. UNFUNDED PLAN

Unless otherwise determined by the Committee, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of a grant awarded under the Plan, such right (unless otherwise determined by the Committee) shall not be greater than the right of an unsecured general creditor of the Company.

16. FUTURE RIGHTS

No person shall have any claim or right to be granted an Award under the Plan, and no Participant shall have any right under the Plan to be retained in the employment of the Company or its affiliates.

17. GOVERNING LAW

The validity, construction and effect of the Plan, and any actions taken or relating to the Plan, shall be determined in accordance with the laws of the State of Delaware, U.S.A.

18. SUCCESSORS AND ASSIGNS

The Plan shall be binding on all successors and assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

19. GENERAL RESTRICTIONS

A. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any Common Shares under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the United States Securities Act of 1933), and

are authorized for listing on any securities exchange on which the Common Shares of the Company are listed.

B. To the extent that the Plan provides for the issuance of Common Shares, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange on which the Common Shares of the Company are listed.

C. Except as otherwise provided in any Award Agreement, a Participant shall have no rights as a shareholder of the Company until he or she becomes the holder of record of Common Shares.

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S 20-F AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

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[CNH LETTERHEAD]

VIA DIRECT ELECTRONIC TRANSMISSION

March 31, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: CNH Global N.V. Annual Report on Form 20-F
File No. 1-14528

Ladies and Gentlemen:

Pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, there is hereby submitted for filing via direct electronic transmission on behalf of CNH Global N.V. an Annual Report on Form 20-F for the fiscal year ended December 31, 1999.

If you have any questions or comments concerning this filing, please telephone me (262-636-7405) or Roberto Miotto, the General Counsel and Secretary of CNH Global N.V. (262-636-0940).

Sincerely,

Kevin J. Hallagan
Assistant Secretary

KJH:lms