POWER

CNH

2003 Annual Report

CNH's greatest strength comes from working with customers to find out what they want, finding ways to add maximum value and executing to exceed their goals. Some call this unrelenting focus on customer value "back-to-basics." We, on the other hand, view our customers' goals as the stimulus of our creative and innovative impulses. This focus gives CNH the power to understand our customers' needs and connect them to solutions. Working together, we share the power to achieve amazing results.

the power to
UNDERSTAND
your needs.

the power to
CONNECT
you to solutions.

the power to
ACHIEVE
your results.

CNH is a leading manufacturer of agricultural tractors and combines in the world, a major manufacturer of construction equipment, and has one of the industry's largest equipment financing operations. CNH was formed in November 1999 through the merger of Case Corporation and New Holland N.V. Our worldwide agricultural and construction equipment businesses are organized regionally with separate, brand-driven commercial organizations and distribution networks. The company employs 26,800 worldwide in about 160 countries and has 12,000 dealers around the globe.

the power to
UNDERSTAND
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ACHIEVE
your results.

Paolo Monferino
President and
Chief Executive Officer

In November of 2003 CNH began its fifth year as a unified company. That moment provided us with an opportunity to reflect on progress we have made during the past four years and to firmly recommit ourselves to our vision and strategy for industry leadership.

This past year, many milestones marked CNH's progress — progress that is clearly visible in our extensively renewed agricultural and construction equipment lines, continued enhancements to our broad range of parts, service and financial service offerings, and most importantly in our bottom–line results.

Because of our successful global platform and multi–brand strategies, we have renewed a substantial portion of our construction equipment product line; our agricultural equipment business completed the most aggressive new product launch program in our history. By building equipment using common core components, CNH is reducing manufacturing costs and enabling increased investment in the specialized features Case and New Holland customers desire.

Our focus on new products is generating results. New agricultural equipment, such as the New Holland CX Combine and the Case IH MXU Maxxum tractor are driving increased share in our key markets. Customer and dealer enthusiasm for these new products, particularly in Western Europe and the Americas, has directly benefited CNH's financial performance.

The same is true of CNH Capital. Now totally realigned to focus solely on the financial needs of our customers and dealers, CNH Capital is producing excellent results. In addition to better serving customers and dealers, our overall portfolio is growing in both size and quality, creating strong demand for CNH Capital's asset–backed securities in the financial markets. For the year, CNH Capital reported record net income of $93 million, an increase of 55 percent compared to the profit of $60 million in 2002.

These are but a few examples of how CNH is accomplishing exactly what we set out to do. Improved performance in both Equipment Operations and Financial Services resulted in a substantially improved bottom line. For the full year 2003, CNH improved net income significantly from 2002, moving to the black (excluding restructuring charges both years). Looking forward, momentum is clearly on our side.

While we are pleased with our progress, we also realize that there is more to do. With the merger–related activities now substantially behind us, CNH must press ahead to prove itself as the undisputed leader in our industry. We will do this by continually focusing on our customers, understanding their needs and connecting them with innovative equipment, parts and service solutions. We will continue to invest both in our brands and in our corporate identity. Moreover, we will always practice responsible financial management and act in ways that earn the trust of everyone touched by our business.

CNH has much to be proud of. We have stayed true to our vision. Our strategies have been focused and clear. Every day we achieve new levels of excellence as we accomplish our goals. By drawing from our past and creating a bold vision for the future, we are confident that CNH has the power to succeed in every way.

Paolo Monferino

Our customers live and work around the world, and they are as diverse as the places that they call home. They can be found in major cities and in the countryside, in technologically advanced countries, as well as those now emerging. They grow crops, raise livestock, build buildings, construct bridges and lay new roadways. They work for businesses large and small.

One thing all of our customers have in common, however, is that every one of them needs the right tools to succeed. Needs are relative: All businesses have them, but the precise details differ. Customers' goals differ, too, with individual requirements varying due to geography, financial resources, cultural practices, and personal ambitions.

CNH is adept at serving each of our customers according to their needs. Our global reach and local resources give us the ability to get to know our customers – giving us the power to understand their needs – like no one else can.

the power to

UNDERSTAND

your needs.

Listening to our customers gives us the ability to fully understand their needs. Our global reach and local resources ensure that we can translate that insight into solutions that satisfy those needs wherever our customers might be.

the power to UNDERSTAND

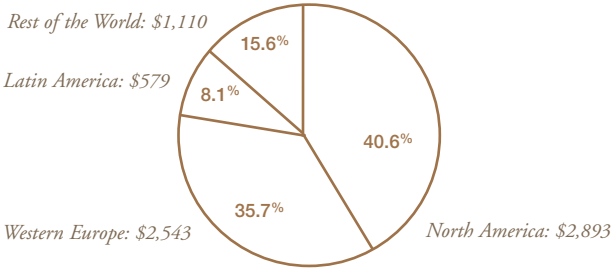
J.I. Case's first customers, in 1847, used wooden threshers to separate seed from husk. As the years went by, the company expanded, manufacturing steam engines in 1869 and introducing its first steam traction engine in 1878. Likewise, the requirements of Abe Zimmerman's customers at his New Holland Machine Company, which began as a one-man repair shop, changed too, as the fast-growing company regularly developed significant new work-altering products — the portable feed mill in 1899, the freeze-proof cylinder tank engine in 1901, the stone crusher in 1910, and so on.

In both companies, a need emerged, a solution satisfied it, and over the years a rhythm developed.

Upon merging in November 1999, Case Corporation and New Holland N.V. meshed well because the pattern for success each company established complemented the other so seamlessly. Two visions became one.

Today, we have a proven history of knowing when and where to reach customers, listen to what they say about their business and, as importantly, what they don't say. Our dealers are the critical link between our customers and the company, and are trained to listen to and understand customer needs. Our ability to turn insight into products and services that connect customers with solutions to their individual needs is the foundation of our reputation.

2003 SALES OF AGRICULTURAL EQUIPMENT BY REGION
in millions of US dollars



The goal is to build an organization that is sturdy but also adaptable to tomorrow's challenges. This is the foundation upon which we built CNH — an organization wholly dedicated to understanding what our customers need to thrive and prosper.

This core strength allows us to grow deep roots in many places throughout the world, as well as in our customers' backyards. We have a network of 12,000 dealers in approximately 160 nations; manufacturing facilities, R&D Centers, and joint ventures in nearly a dozen countries; and, CNH facilities on every continent but Antarctica.

We take special pride in designing and developing our equipment in the same place and under the same demanding conditions that the customers who will be using it experience every day. We call these facilities Centers of Excellence and value them because they put our human, product, process, and financial resources closer to our customers and where they work. Such proximity allows us to listen and respond to their needs not only faster, but also more competently. It gets us closer to both the people we serve and the ideals of customer service we pursue.

But Centers of Excellence are only meaningful if excellence prevails at the center of our business. While we believe it does, it's really our customers whose opinions are most important. And they tell us we're on the right track.

Our standing has never been stronger, our relationships with dealers and customers more secure, our brands more defined and respected, and our reputation more noted. Our customers rely on us not only as a supplier of quality equipment products, but also as a provider of information and encourager of innovation.

This is the CNH of today, a company with a global reach but a local outlook. We are a company that connects with our customers because our customers know that a connection made today will last and deepen and continue to be mutually beneficial tomorrow and beyond.


THE COLOR OF ENVY JUST TURNED
FROM GREEN TO BLUE.
LANDIG TRACTOR COMPANY
TAMPA
(800) 843-6364
www.landigtractor.com
NEW HOLLAND
Your success — Our specialty

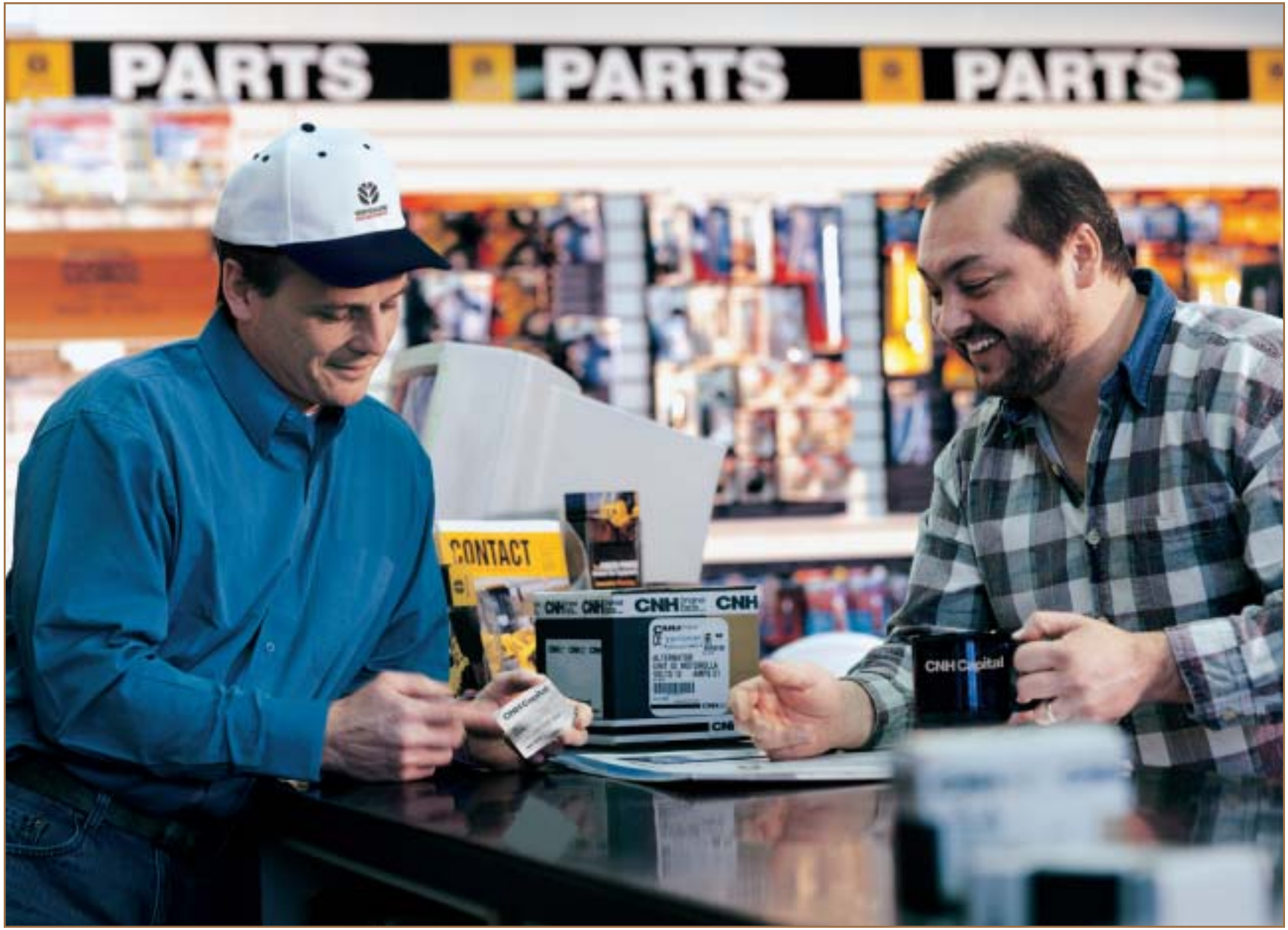
Shopping for a new piece of agricultural or construction equipment involves more than simply comparing two or three machines. Today, customers seek a more comprehensive solution. This is where CNH's experience, expertise and willingness to go the extra mile for its customers define our competitive advantage.

Making an equipment purchase is a significant decision. Whether our customers operate a large grain farm in Illinois or a small vineyard in Italy, it is a decision that affects not only a company's bottom line but the line between settling for today's success and looking toward that of tomorrow. That's why we simplify the purchasing process by presenting a flexible product mix, the parts, service, financing and after-sales support necessary to ensure long-term satisfaction. It's about providing customers with a tailored, total business solution that has inherent value beyond mere dollars.

the power to

CONNECT

you to solutions.


PARTS
PARTS
PARTS
CONTACT
CNH
CNH
CNH Capital

More people than ever are choosing CNH Original Parts for their Case and New Holland-brand equipment. It's one way we connect our customers with the parts and service they need to succeed.

the power to

CONNECT

Based on the strength and appeal of our new products, equipment manufactured by CNH is more popular than ever, and with that growth comes a reputation for quality. It's quality that relates to the actual product, as well as to choice, service and distribution.

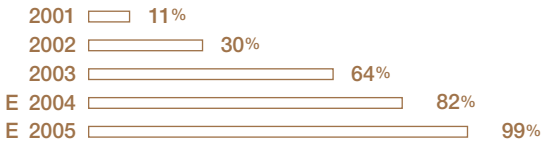
New agricultural equipment products boosted sales and share in many of our major markets. Sales of our new Case IH and New Holland combines increased in North America, Europe and Latin America. In 2003 we gained share in the Western Europe tractor market, even though sales declined, while our share of the under–40 HP tractor market grew worldwide. In sum, our share increased in many of the key markets in which we do business.

This growth of market share is good news because it is growth based on our successful multi–brand, multi–distribution strategy, and not on a general rise in the global economy. It's more proactive, purposeful, and strategic. It's also more lasting.

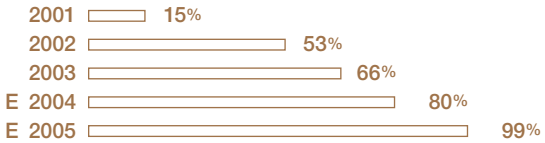
By offering multiple brands with features and applications our customers want and need, we give them choice, which in turn allows them to customize their own businesses to meet their needs and their customers' needs. A broad range of products frees them from one-size-fits-all solutions that never fit, from feeling constricted by what's available to feeling liberated to pursue their success their own way.

NEW PRODUCT CONTRIBUTIONS TO EQUIPMENT SALES

AGRICULTURAL EQUIPMENT



CONSTRUCTION EQUIPMENT



Our global platform strategy allows us to create more using fewer resources. Using shared components also means fewer suppliers, which drives down overall costs. The global platform approach also allows us to share research and development costs. The end result of this strategy is greater customer choice, a stronger customer service commitment and increased investment in the features that Case and New Holland customers want.

Purchasing major agricultural or construction equipment is fraught with complex decisions. Our customers know from experience, however, that we provide trustworthy guidance and support all along the way. This isn't just talk, it's for real. We offer outstanding value for the money. Combined with the flexibility of CNH Capital, we see to it that purchases are both financially viable and the right choice to fit our customers' needs.

Whereas many companies still treat financing as an afterthought at the end of a sale, CNH Capital recognizes the growing importance of being able to offer customers a broad range of customizable financial solutions. By listening and then offering the right mix of financial services products, and flexible financing terms — on retail loans, lease packages, revolving credit and even insurance — CNH Capital makes buying, selling, and owning equipment easier and more convenient.

CNH Capital also offers another unique solution to its customers' business needs. Whereas the purchase of a piece of equipment is generally a long–term investment designed to meet a long–term need, sometimes customers need only a short–term solution to a short–term need. Through CNH Capital customers now have access to used–equipment leases, an affordable and economic solution for helping customers to accomplish the task at hand.

Acting as a solutions provider is yielding positive results not only for customers and dealers, but also for CNH Capital. This part of our business generated a net income of $93 million for the company in 2003.

CNH Capital's customer focus is particularly evident in Brazil, where Banco CNH Capital operates offices within virtually every dealership. Innovative thinking, essentially bringing the "bank" to the customer, provides the ultimate in convenience, access and efficient service.


CASE
CASE
CASE

Signing a purchase agreement and taking delivery of a new piece of equipment is not the end of the relationship between our customers and CNH. It's the start of a new one. It's the beginning of a new way of working for our customers, doing everything in our power to ensure a successful ownership experience – an experience they'll want to repeat again and again.

We view ourselves as a partner with our customers. We have a stake in their success. This means playing an active role in making sure that our equipment always works as hard as our customers do to succeed in their businesses and achieve their individual goals. By applying this philosophy to each and every relationship, CNH and its dealers worldwide continually respond with the right after–sales parts, service and support our customers need to make every day a new opportunity for success.

the power to
ACHIEVE
your results.

By responding to customer needs with the right after-sales parts, service and support, CNH and its dealers act as critical business partners, ensuring the power to achieve amazing results.

the power to ACHIEVE

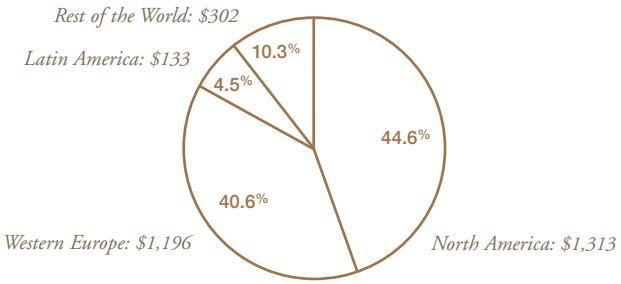
The shiny, gleaming part of making a new equipment purchase lasts for only a little while. The crawler excavator, with its bright paint, or the row crop tractor with wheels that are clean and as yet unused, aren't machines for show, but machines built to work, and work hard, like the men and women around the world whose job it is to operate them.

In both farming and construction, the most precious commodity is time. The ability to plant a field between spring rains or excavate a foundation before the soil freezes can literally make or break a customer's business. Working with tight deadlines and against nature's elements, our customers simply can't afford to miss the opportunity to move ahead with a project because a machine needs maintenance.

That's why before a piece of equipment ever leaves our dealers it's tested and, where necessary, its components and systems adjusted to ensure optimum operation and prevent failure. Dealers spend time with our customers explaining and demonstrating specific features so they understand how to get the most from their new equipment.

But we're realistic, too. Sophisticated machines require proper maintenance. And today's customers rely on their dealer to help them manage their maintenance needs,

2003 SALES OF CONSTRUCTION EQUIPMENT BY REGION
in millions of US dollars



particularly for the more complex equipment. This is why our dealers employ the best trained technicians and have access to a full line of CNH Original Parts, as well as the latest tools for performing diagnostics, maintenance and repair. Technicians also rely on CNH's global ASIST database, which allows them to share and receive product or problem-specific repair information and advice from colleagues around the world. This technology literally gives customers the expertise and experience of thousands of our technicians through their local dealer.

Because time has personal and financial value, we realize the importance of making routine maintenance convenient and being able to respond quickly in an emergency. We need to be there when a customer needs us. This means that our dealers offer flexible scheduling, early morning parts delivery and service in the field.

But the ongoing relationship between our brands and their customers goes far beyond after–sales maintenance and repair. In North America, for example, Case IH Pro-Harvest Support teams work with local dealers to provide harvest crews with parts, service and maintenance in the field. Large tractor trailers are stocked with thousands of parts and tools, from the most common bearings and bushings to larger items, such as augers, that might not be readily available through local dealers. Real-time access to parts and onsite service technicians helps Case IH customers stay productive during their most important season.

CNH Capital offers another avenue for continued successful relationships. CNH Capital protects customers with a full line of insurance products, including physical damage, credit life and disability, and extended service protection on both new and pre-owned equipment. Complemented by flexible terms and fast claims service, CNH Capital helps keep its customers up and running during challenging situations.

CNH supports more than just our products. We support the people who own them. By following up with customers, continually listening and responding to their needs with the right products, services and advice, CNH helps make customers more productive and profitable, giving them the power they need to succeed.


CNH Original Parts
CNH Original Parts
CNH Original Parts
LANTER
LANTER
53'

the power to

GROW

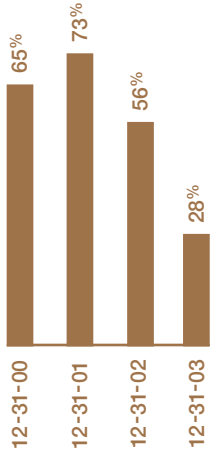
CONSOLIDATED REVENUES

In US$ Millions

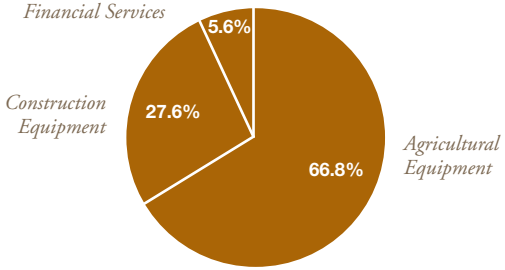
EQUIPMENT OPERATIONS ADJUSTED EBITDA TREND[1]

In US$ Millions

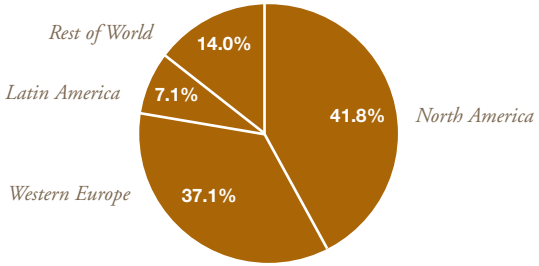
EQUIPMENT OPERATIONS NET DEBT TO NET CAPITALIZATION RATIO[2]



2003 REVENUES BY BUSINESS



2003 NET SALES OF EQUIPMENT BY GEOGRAPHIC AREA



Rooted in the strength and heritage of our Case and New Holland brand families, CNH is a leading producer of agricultural and construction equipment, as well as a leading provider of parts, service and financial service solutions to our customers around the world.

1, 2 See footnotes on page 67

FINANCIALS

Following are the Company's audited financial statements and footnotes as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003. For the Company's Management Discussion and Analysis please refer to the Company's Form 20-F for 2003 as filed with the SEC on April 7, 2004.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of CNH Global N.V. (a Netherlands corporation) and its subsidiaries (collectively, the "Company") as of December 31, 2003 and 2002, and the related statements of operations, cash flows, and changes in shareholders' equity for each of the two years in the period ended December 31, 2003. 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 audits. The financial statements of CNH Global N.V. for the year ended December 31, 2001, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those statements in their report dated February 7, 2002.

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

In our opinion, such 2003 and 2002 financial statements present fairly, in all material respects, the financial position of CNH Global N.V. and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the consolidated financial statements, the Company ceased its amortization of goodwill and other indefinite-lived intangible assets in 2002 in accordance with Statement of Financial Accounting Standards (Statement) No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002.

As discussed above, the consolidated financial statements of the Company for the year ended December 31, 2001 were audited by other auditors who have ceased operations.

- As described in Note 9, these consolidated financial statements have been revised to include the transitional disclosures required by Statement No. 142. Our audit procedures with respect to the disclosures in Note 9 with respect to 2001 included (i) agreeing the previously reported net income (loss) to the previously issued financial statements and the adjustments to reported net income (loss) representing amortization expense (including any related tax effects) to the Company's underlying records obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income (loss) to reported net income (loss), and the related income (loss) per share amounts.
- The Company changed the presentation of its results of operations by segment in 2002, and the amounts in the 2001 financial statements relating to the results of operations by segment have been restated to conform to the 2003 and 2002 presentation of results of operations by segment. Our procedures included (i) agreeing the adjusted amounts of results of operations by segment to the Company's underlying records obtained from management, and (ii) testing the mathematical accuracy of the reconciliations of segment amounts to the consolidated financial statements.
- As described in Note 18, the 2001 consolidated financial statements were revised to reflect a 1-for-5 reverse split of the Company's common shares. Our audit procedures with respect to all references to the number of common shares and earnings (loss) per share in the consolidated financial statements and notes thereto included testing the mathematical accuracy of applying the 1-for-5 reverse split to common shares outstanding and the related earnings (loss) per share amounts.
- These consolidated financial statements, specifically the supplemental information of Equipment Operations, have been reclassified to reflect Interest Compensation to Financial Services as a separate line item in the statements of operations. This amount had previously been included within Interest Expense – Other. Our procedures included (i) agreeing the Interest Compensation to Financial Services to the Company's underlying records obtained from management, and (ii) testing the mathematical accuracy of the revised Interest Expense – Other amount.

In our opinion, the adjustments described above to present the transitional disclosures required by Statement No. 142, restate the reportable segments and the supplemental information of the Company's Equipment Operations, and to reflect the 1-for-5 reverse split of the Company's common shares have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the 2003 and 2002 consolidated financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of Equipment Operations and Financial Services. The 2003 and 2002 supplemental information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2003 and 2002 consolidated financial statements taken as a whole. The 2001 supplemental financial statements were subjected to audit procedures by other auditors who have ceased operations. Those auditors, whose report dated February 7, 2002, referred to above, stated that such schedules were fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Deloitte & Touche LLP

Milwaukee, Wisconsin
April 2, 2004

The following report is a copy of a report previously issued by Arthur Andersen LLP in connection with the Company's Annual Report for the year ended December 31, 2001. This opinion has not been reissued by Arthur Andersen LLP. In 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). As discussed in Note 9 of the Notes to Consolidated Financial Statements, the Company has presented the transitional disclosures for 2001 required by SFAS No. 142. In 2002, the Company changed the presentation of its results of operations by segment and the supplemental information of the Company's Equipment Operations in the 2001 financial statements to conform to the 2003 and 2002 presentation of results of operations by segment and the supplemental information of the Company's Equipment Operations. Prior to release of the 2002 consolidated financial statements, the Company effected a 1-for-5 reverse split of the Company's common shares. As described in Note 18, the 2001 consolidated financial statements have been revised to reflect the 1-for-5 reverse split of the Company's common shares.

The Arthur Andersen LLP report does not extend to revised disclosures discussed above. These disclosures are reported on by Deloitte & Touche LLP as stated in their report appearing herein.

REPORT OF INDEPENDENT PUBLIC 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. (a Netherlands Corporation) and its subsidiaries as of December 31, 2001 and 2000, and the related statements of operations, cash flows, and changes in shareholders' equity for the years then ended. 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 audits. The financial statements of CNH Global N.V. for the year ended December 31, 1999, were audited by other auditors whose report dated February 1, 2000, expressed an unqualified opinion on those statements.

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 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 subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were 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 the 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 audits 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
February 7, 2002

Consolidated Statements of Operations

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (AND SUPPLEMENTAL INFORMATION)
(IN MILLIONS, EXCEPT PER SHARE DATA)

	CONSOLIDATED			SUPPLEMENTAL INFORMATION: EQUIPMENT OPERATIONS			SUPPLEMENTAL INFORMATION: FINANCIAL SERVICES		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
Revenues:									
Net sales	$ 10,069	$ 9,331	$ 9,030	$ 10,069	$ 9,331	$ 9,030	$ —	$ —	$ —
Finance and interest income	597	609	685	83	100	149	621	641	739
	10,666	9,940	9,715	10,152	9,431	9,179	621	641	739
Costs and Expenses:									
Cost of goods sold	8,590	7,902	7,586	8,590	7,902	7,586	—	—	—
Selling, general and administrative	1,042	1,094	1,224	839	884	915	203	210	314
Research, development and engineering	259	283	306	259	283	306	—	—	—
Restructuring and other merger-related costs	271	51	104	268	50	97	3	1	7
Interest expense — Fiat affiliates	113	236	358	85	198	308	28	38	50
Interest expense — other	368	318	368	236	192	178	182	204	289
Interest compensation to Financial Services	—	—	—	79	76	99	—	—	—
Other, net	241	182	193	149	62	112	71	98	81
	10,884	10,066	10,139	10,505	9,647	9,601	487	551	741
Equity in Income (Loss) of Unconsolidated Subsidiaries and Affiliates:									
Financial Services	6	4	6	93	60	4	6	4	6
Equipment Operations	13	15	(14)	13	15	(14)	—	—	—
Income (loss) before taxes, minority interest and cumulative effect of change in accounting principle	(199)	(107)	(432)	(247)	(141)	(432)	140	94	4
Income tax provision (benefit)	(49)	(14)	(105)	(97)	(48)	(105)	47	34	—
Minority interest	7	8	5	7	8	5	—	—	—
Net income (loss) before cumulative effect of change in accounting principle	(157)	(101)	(332)	(157)	(101)	(332)	93	60	4
Cumulative effect of change in accounting principle, net of tax	—	(325)	—	—	(325)	—	—	—	—
Net income (loss)	$ (157)	$ (426)	$ (332)	$ (157)	$ (426)	$ (332)	$ 93	$ 60	$ 4
Per share data:									
Basic earnings (loss) per share before cumulative effect of change in accounting principle	$ (1.19)	$ (1.05)	$ (6.00)						
Cumulative effect of change in accounting principle, net of tax	—	(3.35)	—						
Basic earnings (loss) per share	$ (1.19)	$ (4.40)	$ (6.00)						
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$ (1.19)	$ (1.05)	$ (6.00)						
Cumulative effect of change in accounting principle, net of tax	—	(3.35)	—						
Diluted earnings (loss) per share	$ (1.19)	$ (4.40)	$ (6.00)						

The "Consolidated" data in this statement include CNH Global N.V. and its consolidated subsidiaries and conform to the requirements of SFAS No. 94. The supplemental "Equipment Operations" (with "Financial Services" on the equity basis) data in this statement include primarily CNH Global N.V.'s agricultural and construction equipment operations. The supplemental "Financial Services" data in this statement include primarily CNH Global N.V.'s financial services business. Transactions between "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data. The accompanying notes to consolidated financial statements are an integral part of these Statements of Operations.

Consolidated Balance Sheets

AS OF DECEMBER 31, 2003 AND 2002 (AND SUPPLEMENTAL INFORMATION)
(IN MILLIONS, EXCEPT SHARE DATA)

	CONSOLIDATED		SUPPLEMENTAL INFORMATION: EQUIPMENT OPERATIONS		SUPPLEMENTAL INFORMATION: FINANCIAL SERVICES	
	2003	2002	2003	2002	2003	2002
ASSETS						
Current Assets:						
Cash and cash equivalents — Fiat	$ 1,325	$ 544	$ 1,315	$ 336	$ 10	$ 208
Cash and cash equivalents — other	619	231	486	133	133	98
Total cash and cash equivalents	1,944	775	1,801	469	143	306
Accounts and notes receivable	3,797	3,612	2,077	1,791	2,074	2,147
Intersegment notes receivable	—	—	312	1,083	—	354
Inventories	2,478	2,054	2,478	2,054	—	—
Deferred income taxes	498	505	406	393	92	112
Prepayments and other	80	108	76	102	4	6
Total current assets	8,797	7,054	7,150	5,892	2,313	2,925
Long-Term Receivables	2,199	2,099	270	230	1,929	1,869
Intersegment Long-Term Notes Receivable	—	—	700	700	—	—
Property, Plant and Equipment, net	1,528	1,449	1,518	1,437	10	12
Other Assets:						
Investments in unconsolidated subsidiaries and affiliates	429	375	364	328	65	47
Investment in Financial Services	—	—	1,241	1,019	—	—
Equipment on operating leases, net	353	544	—	—	353	544
Goodwill	2,554	2,533	2,409	2,395	145	138
Intangible assets	839	852	839	850	—	2
Other	1,962	1,854	1,659	1,516	303	338
Total other assets	6,137	6,158	6,512	6,108	866	1,069
Total	$ 18,661	$ 16,760	$ 16,150	$ 14,367	$ 5,118	$ 5,875
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities:						
Current maturities of long-term debt — Fiat affiliates	$ 62	$ 514	$ 17	$ 514	$ 45	$ —
Current maturities of long-term debt — other	781	604	71	310	710	294
Short-term debt — Fiat affiliates	698	1,086	403	817	295	269
Short-term debt — other	1,412	1,663	1,119	1,067	293	596
Intersegment short-term debt	—	—	—	354	312	1,083
Accounts payable	1,635	1,436	1,836	1,555	139	183
Restructuring liability	72	50	71	50	1	—
Other accrued liabilities	1,795	1,712	1,608	1,567	201	169
Total current liabilities	6,455	7,065	5,125	6,234	1,996	2,594
Long-Term Debt — Fiat Affiliates	1,669	2,285	1,363	1,918	306	367
Long-Term Debt — Other	2,374	1,712	1,742	796	632	916
Intersegment Long-Term Debt	—	—	—	—	700	700
Other Liabilities:						
Pension, postretirement and postemployment benefits	2,040	1,759	2,021	1,739	19	20
Other	1,174	1,105	951	847	223	258
Total other liabilities	3,214	2,864	2,972	2,586	242	278
Commitments and Contingencies (Note 16)						
Minority Interest	75	73	74	72	1	1
Shareholders' Equity:						
Preference Shares, €2.25 par value; authorized 200,000,000 shares in 2003 and 60,000,000 shares in 2002; issued 8,000,000 shares in 2003 and 0 shares in 2002	19	—	19	—	—	—
Common Shares, €2.25 par value; authorized 400,000,000 shares in 2003 and 140,000,000 shares in 2002, issued 132,913,714 shares in 2003 and 131,238,200 shares in 2002	309	305	309	305	135	118
Paid-in capital	6,310	4,327	6,310	4,327	947	910
Treasury stock, 116,706 shares in 2003 and 2002, at cost	(7)	(7)	(7)	(7)	—	—
Retained earnings (deficit)	(1,217)	(1,027)	(1,217)	(1,027)	120	49
Accumulated other comprehensive income (loss)	(539)	(835)	(539)	(835)	39	(58)
Unearned compensation on restricted shares and options	(1)	(2)	(1)	(2)	—	—
Total shareholders' equity	4,874	2,761	4,874	2,761	1,241	1,019
Total	$ 18,661	$ 16,760	$ 16,150	$ 14,367	$ 5,118	$ 5,875

The "Consolidated" data in this statement include CNH Global N.V. and its consolidated subsidiaries and conform to the requirements of SFAS No. 94. The supplemental "Equipment Operations" (with "Financial Services" on the equity basis) data in this statement include primarily CNH Global N.V.'s agricultural and construction equipment operations. The supplemental "Financial Services" data in this statement include primarily CNH Global N.V.'s financial services business. Transactions between "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data. The accompanying notes to consolidated financial statements are an integral part of these Balance Sheets.

Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (AND SUPPLEMENTAL INFORMATION)
(IN MILLIONS)

	CONSOLIDATED			SUPPLEMENTAL INFORMATION: EQUIPMENT OPERATIONS			SUPPLEMENTAL INFORMATION: FINANCIAL SERVICES		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
Operating activities:									
Net income (loss)	$ (157)	$ (426)	$ (332)	$ (157)	$ (426)	$ (332)	$ 93	$ 60	$ 4
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:									
Cumulative effect of change in accounting principle	—	325	—	—	325	—	—	—	—
Depreciation and amortization	346	346	424	246	228	319	100	118	105
Deferred income tax expense (benefit)	(72)	(277)	(174)	(125)	(195)	(91)	53	(82)	(83)
(Gain) loss on disposal of fixed assets	(1)	(15)	3	(1)	(15)	3	—	—	—
Undistributed (earnings) losses of unconsolidated subsidiaries	10	10	17	(61)	(42)	19	—	(4)	(6)
Changes in operating assets and liabilities:									
(Increase) decrease in intersegment activities	—	—	—	138	16	(200)	(138)	(16)	200
(Increase) decrease in receivables	367	580	(264)	(26)	101	(153)	393	479	(111)
(Increase) decrease in inventories	(139)	335	48	(139)	335	48	—	—	—
(Increase) decrease in prepayments and other current assets	36	(4)	137	34	(1)	(23)	2	(3)	160
(Increase) decrease in other assets	4	368	(155)	(17)	226	(239)	21	142	84
Increase (decrease) in payables	(4)	49	78	(5)	52	111	1	(3)	(33)
Increase (decrease) in other accrued liabilities	(173)	(228)	5	(213)	(235)	133	40	7	(128)
Increase (decrease) in other liabilities	204	8	217	209	22	127	(5)	(14)	90
Other, net	183	104	(186)	183	94	(190)	—	9	4
Net cash (used) provided by operating activities	604	1,175	(182)	66	485	(468)	560	693	286
Investing activities:									
Acquisitions and investments, net of cash acquired	(40)	(234)	(8)	(83)	(296)	(62)	(11)	(11)	(1)
Proceeds from sale of businesses and assets	212	182	287	54	60	114	158	122	173
Expenditures for property, plant and equipment	(194)	(241)	(229)	(192)	(237)	(221)	(2)	(4)	(8)
Expenditures for equipment on operating leases	(51)	(166)	(322)	—	—	—	(51)	(166)	(322)
Net cash (used) provided by investing activities	(73)	(459)	(272)	(221)	(473)	(169)	94	(59)	(158)
Financing activities:									
Intersegment activity	—	—	—	484	(116)	(902)	(484)	116	902
Proceeds from issuance of long-term debt — Fiat affiliates	147	—	1,646	147	—	1,499	—	—	147
Proceeds from issuance of long-term debt — other	1,282	738	824	1,053	9	824	229	729	—
Payment of long-term debt — Fiat affiliates	(16)	(544)	(129)	—	(487)	(13)	(16)	(57)	(116)
Payment of long-term debt — other	(800)	(1,022)	(1,197)	(535)	(137)	(529)	(265)	(885)	(668)
Net increase (decrease) in short-term revolving credit facilities	(23)	79	(853)	306	645	(410)	(329)	(566)	(443)
Issuance of common shares	—	201	—	—	201	—	54	73	55
Dividends paid	(33)	(28)	(28)	(33)	(28)	(28)	(22)	(3)	—
Other, net	(19)	—	—	(19)	—	—	—	—	—
Net cash provided (used) by financing activities	538	(576)	263	1,403	87	441	(833)	(593)	(123)
Effect of foreign exchange rate changes on cash and cash equivalents	100	(28)	(32)	84	(8)	(19)	16	(20)	(13)
Increase (decrease) in cash and cash equivalents	1,169	112	(223)	1,332	91	(215)	(163)	21	(8)
Cash and cash equivalents, beginning of year	775	663	886	469	378	593	306	285	293
Cash and cash equivalents, end of year	$ 1,944	$ 775	$ 663	$ 1,801	$ 469	$ 378	$ 143	$ 306	$ 285

The "Consolidated" data in this statement include CNH Global N.V. and its consolidated subsidiaries and conform to the requirements of SFAS No. 94. The supplemental "Equipment Operations" (with "Financial Services" on the equity basis) data in this statement include primarily CNH Global N.V.'s agricultural and construction equipment operations. The supplemental "Financial Services" data in this statement include primarily CNH Global N.V.'s financial services business. Transactions between "Equipment Operations" and "Financial Services" have been eliminated to arrive at the "Consolidated" data. The accompanying notes to consolidated financial statements are an integral part of these Statements of Cash Flows.

Consolidated Statements of Changes in Shareholders' Equity

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(IN MILLIONS)

	COMMON SHARES	PREFERENCE SHARES	PAID-IN CAPITAL	TREASURY STOCK	UNEARNED COMPENSATION	RETAINED EARNINGS (DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL	COMPREHENSIVE INCOME (LOSS)
Balance, January 1, 2001	$ 143	$ —	$ 2,991	$ (6)	$ (2)	$ (213)	$ (399)	$ 2,514	
Comprehensive loss:									
Net loss	—	—	—	—	—	(332)	—	(332)	$ (332)
Translation adjustment	—	—	—	—	—	—	(110)	(110)	(110)
Pension liability adjustment (net of tax $89 million)	—	—	—	—	—	—	(117)	(117)	(117)
Derivative financial instruments									
Losses deferred (net of tax of $12 million)	—	—	—	—	—	—	(47)	(47)	(47)
Losses reclassified to earnings	—	—	—	—	—	—	27	27	27
Total									$ (579)
Dividends declared	—	—	—	—	—	(28)	—	(28)	
Recognition of compensation on restricted stock	—	—	—	—	2	—	—	2	
Issuance of restricted shares, net of forfeitures	—	—	—	(1)	1	—	—	—	
Issuance of stock options	—	—	4	—	(4)	—	—	—	
Balance, December 31, 2001	143	—	2,995	(7)	(3)	(573)	(646)	1,909	
Comprehensive loss:									
Net loss	—	—	—	—	—	(426)	—	(426)	$ (426)
Translation adjustment	—	—	—	—	—	—	88	88	88
Pension liability adjustment (net of tax of $134 million)	—	—	—	—	—	—	(278)	(278)	(278)
Derivative financial instruments:									
Losses deferred (net of tax of $16 million)	—	—	—	—	—	—	(30)	(30)	(30)
Losses reclassified to earnings	—	—	—	—	—	—	31	31	31
Total									$ (615)
Issuance of common shares	23	—	178	—	—	—	—	201	
Conversion of debt to equity	139	—	1,154	—	—	—	—	1,293	
Dividends declared	—	—	—	—	—	(28)	—	(28)	
Recognition of compensation on restricted stock and stock options	—	—	—	—	1	—	—	1	
Balance, December 31, 2002	305	—	4,327	(7)	(2)	(1,027)	(835)	2,761	
Comprehensive income:									
Net loss	—	—	—	—	—	(157)	—	(157)	$ (157)
Translation adjustment	—	—	—	—	—	—	263	263	263
Pension liability adjustment (net of tax of $1 million)	—	—	—	—	—	—	(1)	(1)	(1)
Unrealized gain on available for sale securities (net of tax of $13 million)	—	—	—	—	—	—	20	20	20
Derivative financial instruments:									
Losses deferred (net of tax of $7 million)	—	—	—	—	—	—	(4)	(4)	(4)
Losses reclassified to earnings	—	—	—	—	—	—	18	18	18
Total									$ 139
Issuance of common shares	4	—	16	—	—	—	—	20	
Conversion of debt to equity	—	19	1,967	—	—	—	—	1,986	
Dividends declared	—	—	—	—	—	(33)	—	(33)	
Recognition of compensation on restricted stock and stock options	—	—	—	—	1	—	—	1	
Balance, December 31, 2003	$ 309	$ 19	$ 6,310	$ (7)	$ (1)	$ (1,217)	$ (539)	$ 4,874	

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

Notes to Consolidated Financial Statements

Note 1: Nature of Operations

CNH Global N.V. ("CNH"), formerly New Holland N.V. ("New Holland"), 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 operations 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.

CNH is controlled by Fiat Netherlands Holding N.V. ("Fiat Netherlands"), a wholly owned subsidiary of Fiat S.p.A. ("Fiat"), a company organized under the laws of Italy, which owned approximately 84% of the outstanding common shares of CNH at December 31, 2003. Additionally, Fiat and an affiliate of Fiat own a total of 8 million shares of Series A Preference Shares ("Series A Preferred Stock"). In total, Fiat voting power approximates 85% of our outstanding capital stock. If the Series A Preferred Stock were converted to common stock as of December 31, 2003, Fiat's ownership of our common stock would rise to approximately 91%.

On April 1, 2003, CNH effected a 1-for-5 reverse stock split of its common shares. All references in the accompanying consolidated financial statements and notes thereto to earnings per share and the number of common shares have been retroactively restated for all periods presented to reflect this reverse stock split.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation CNH has prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States or U.S. GAAP. 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 and reflect the interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. The operations and key financial measures and financial analysis differ significantly for manufacturing and distribution businesses and financial services businesses; therefore, management believes that certain supplemental disclosures are important in understanding the consolidated operations and financial results of CNH. In addition, CNH's principal competitors present supplemental data on a similar basis. Therefore, users of CNH's financial statements can use the supplemental data to make meaningful comparisons of CNH and its principal competitors. 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 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 (Loss) of Unconsolidated Subsidiaries and Affiliates — Financial Services" in the accompanying statements of operations, 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 financial services business.

All significant intercompany transactions, including activity within and between "Equipment Operations" and "Financial Services," have been eliminated in deriving the consolidated financial statements and data. Intersegment notes receivable, intersegment long-term notes receivable, intersegment short-term debt and intersegment long-term debt represent intersegment financing between Equipment Operations and Financial Services. During June 2002, a non-cash dividend of $250 million was declared by Financial Services. In exchange, Financial Services assumed an equal amount of debt from Equipment Operations.

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 before 2002. Dividends received from these entities reduce the carrying value of the investments.

Notes to Consolidated Financial Statements

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.

The Company sells receivables, using consolidated special purpose entities, to limited purpose business trusts, and other privately structured facilities, which then issue asset-backed securities to private or public investors. Due to the nature of the assets held by the trusts and the limited nature of each trust's activities they are each classified as a qualifying special purpose entity ("QSPE") under Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140"). In accordance with SFAS No. 140, assets and liabilities of the QSPEs are not consolidated in the Company's Consolidated Balance Sheets. For additional information on the Company's receivable securitization programs, see Note 4 "Accounts and Notes Receivables."

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 Equipment Operations record sales of equipment and replacement parts when title and all risks of ownership have transferred to the independent dealer or other customer. In the United States and the majority of international locations, title to equipment and replacement parts transfers to the dealer upon shipment. In various international locations, certain equipment and replacement parts are shipped to dealers on a consignment basis under which title and risk of ownership are not transferred to the dealer. Under these circumstances, sales are not recorded until a retail customer has purchased the goods. Dealers may not return equipment or replacement parts while the applicable dealer contract remains in place. In the U.S. and Canada, if a dealer contract is terminated for any reason, CNH is obligated to repurchase new equipment from the dealer. CNH has credit limits and other safeguards in place to monitor the financial stability of its dealers. In cases where dealers are unable to pay for equipment or parts, CNH attempts to have these goods returned or negotiate a settlement of the outstanding receivables. CNH may provide certain sales incentives to dealers to stimulate sales to retail customers. The expense of such incentives is recorded as a deduction in arriving at net sales at the time the sale is recognized by CNH.

For all sales, no significant uncertainty exists surrounding the purchaser's obligation to pay for the equipment and replacement parts and CNH records appropriate provisions for doubtful receivables as necessary. Receivables are due upon the earlier of payment terms discussed below or sale to the retail customer. Fixed payment schedules exist for all sales to dealers but payment terms vary by geographic market and product line. In connection with these payment terms, CNH offers wholesale financing to many of its dealers including interest-free financing for specified periods of time which also vary by geographic market and product line. Interest is charged to dealers after the completion of the interest-free period. In 2003 and 2002, interest-free periods averaged 4.1 months and 3.5 months, respectively, on approximately 71% and 64%, respectively, of sales for the agricultural equipment business. In 2003 and 2002, interest-free periods averaged 3.4 months and 3.6 months, respectively, on approximately 64% and 71%, respectively, of sales for the construction equipment business. Sales to dealers that do not qualify for an interest-free period are subject to payment terms of 30 days or less.

Financial Services records earned finance charges (interest income) on retail and other notes receivables and finance leases using the effective 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 $54 million, $67 million and $78 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Research and Development Research and development costs are expensed as incurred.

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 (loss) 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 (loss) in the period during which they arise. Net foreign exchange gains and losses are reflected in "Other, net" in the accompanying Statements of Operations.

The Turkish Lira was significantly devalued against the U.S. Dollar during the first quarter of 2001. As a result CNH recorded a net exchange loss of approximately $20 million related to its investments in New Holland Trakmak Tracktor Ve Ziraat Makineleri A.S. and Turk Traktor Ve Ziraat Makineleri A.S.

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. For additional information on cash and cash equivalents deposited with Fiat, See Note 23 "Related Party Information."

Receivables and Receivable Sales Receivables are recorded at face value, net of allowances for doubtful accounts and deferred fees and costs.

CNH sells retail and wholesale receivables in securitizations and retains interest-only strips, subordinated tranches of notes, servicing rights, and cash reserve accounts, all of which are retained interests in the securitized receivables. Gain or loss on sale of the receivables depends in part on the carrying amount of the financial assets allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. The Company estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions — credit losses, prepayment speeds, and discount rates commensurate with the risks involved.

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.

Property, Plant and Equipment Property, plant and equipment are 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:

CATEGORY	LIVES
Buildings and improvements	10 - 40 years
Plant and machinery	5 - 16 years
Other equipment	3 - 10 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 2003, 2002 and 2001 is not significant in relation to the consolidated financial results.

CNH evaluates the recoverability of the carrying amount of long lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. CNH assesses the recoverability of assets to be held and used by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment

to be recognized is measured as the amount by which the carrying amount of the assets exceed the fair value of the assets, based on a discounted cash flow analysis.

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, assessment of technological feasibility and upon management's authorization and commitment to fund the software project. 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.

Equipment on Operating Leases Financial Services purchases from Dealers, equipment that is leased to retail customers under operating leases. Income from operating leases is recognized over the term of the lease. Financial Services' investment in operating leases is based on the purchase price paid for the equipment. The investment is depreciated on a straight-line basis over the term of the lease to the estimated residual value at lease termination, which is calculated at the inception of the lease date. Realization of the residual values is dependent on Financial Services' future ability to market the equipment under the then prevailing market conditions. CNH continually evaluates whether events and circumstances have occurred which affect the estimated residual values of equipment on operating leases. Although realization is not assured, management believes that the estimated residual values are realizable. Expenditures for maintenance and repairs are the responsibility of the lessee.

Goodwill and Intangibles SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") addresses financial accounting and reporting for intangible assets and goodwill. In January 2002, CNH adopted SFAS No. 142, which requires companies to stop amortizing goodwill and certain intangible assets with indefinite useful lives. Instead, SFAS No. 142 requires that goodwill and intangible assets deemed to have an indefinite useful life be reviewed for impairment upon the adoption of SFAS No. 142 on January 1, 2002 and at least annually thereafter. The Company will perform its annual impairment review during the fourth quarter of each year, commencing in the fourth quarter of 2002. Impairment testing for goodwill is done at a reporting unit level. CNH has identified three reporting units under the criteria set forth by SFAS No. 142: Agricultural Equipment, Construction Equipment and Financial Services. To determine fair value, CNH has relied on two valuation models: guideline company method and discounted cash flow.

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. Before January 1, 2002, goodwill was 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 (Loss) of Unconsolidated Subsidiaries and Affiliates" in the accompanying Statements of Operations. During 2001, CNH continued to evaluate the recoverability of goodwill in compliance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Prior to January 1, 2002, CNH continually evaluated whether events and circumstances had occurred that indicated the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not have been recoverable. When factors indicated that goodwill should be evaluated for possible impairment, CNH used an estimate of the undiscounted cash flows over the remaining life of the goodwill in measuring whether the goodwill was recoverable.

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. Before January 1, 2002, negative goodwill was being amortized on a straight-line basis over approximately 3 years. For the year ended December 31, 2001, negative goodwill of approximately $33 million

was amortized. As of December 31, 2001, negative goodwill was fully amortized.

Intangibles consist primarily of acquired dealer networks, trademarks, product drawings and patents. Non-indefinite lived intangible assets are being amortized on a straight-line basis over 5 to 30 years.

Reference is made to Note 3, "Acquisitions and Divestitures of Businesses and Investments," and Note 9, "Goodwill and Intangible Assets" for further information regarding goodwill and intangibles.

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. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits for which, based on available evidence, it is more likely than not that they will not 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 defined benefit pension and other postretirement benefits is based upon actuarial 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. CNH contributions to defined contribution plans are charged to income during the period of the employee's service.

Derivatives CNH records derivative financial instruments in the Consolidated Balances Sheets as either an asset or a liability measured at fair value. The fair value of CNH's foreign exchange derivatives is based on quoted market exchange rates, adjusted for the respective interest rate differentials (premiums or discounts). The fair value of CNH's interest rate derivatives is based on discounting expected cash flows, using market interest rates, over the remaining term of the instrument. Changes in the fair value of derivative financial instruments are recognized currently in earnings unless specific hedge accounting criteria are met. For derivative financial instruments designated to hedge exposure to changes in the fair value of a recognized asset or liability, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the related hedged item. For derivative financial instruments designated to hedge exposure to variable cash flows of a forecasted transaction, the effective portion of the derivative financial instrument's gain or loss is initially reported as a component of accumulated other comprehensive income and is subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

Reference is made to Note 17, "Financial Instruments," for further information regarding CNH's use of derivative financial instruments.

Stock-Based Compensation Plans The Company has stock-based employee compensation plans which are described more fully in Note 19, "Option and Incentive Plans." Prior to 2003, the Company accounted for those plans under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), and related interpretations. In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure (an amendment of FASB Statement No. 123) ("SFAS No. 148"). SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation.

Additionally, compensation expense is reflected in net income (loss for stock options granted prior to 2003 with an exercise price less than the quoted market price of CNH common shares on the date of grant.

The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, "Accounting

Notes to Consolidated Financial Statements

for Stock-Based Compensation" ("SFAS No. 123") to stock-based employee compensation for the years ended December 31, 2003, 2002 and 2001.

	2003	2002	2001
Net loss, as reported	$ (157)	$ (426)	$ (332)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	1	1	2
Deduct: Total stock-based employee compensation expense determined under fair value based methods, net of tax	(5)	(4)	(6)
Pro forma net loss	**$ (161)**	$ (429)	$ (336)
Earnings (loss) per share:			
Basic and Diluted — as reported	**$ (1.19)**	$ (4.40)	$ (6.00)
Basic and Diluted — pro forma	**$ (1.22)**	$ (4.45)	$ (6.05)

Reclassifications Certain reclassifications of prior year amounts have been made in order to conform with the current year presentation.

New Accounting Pronouncements In December 2003, the FASB issued FASB Interpretation No. 46, (Revised December 2003), "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" ("Interpretation No. 46R") This standard replaces FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") that was issued in January 2003. Interpretation No. 46R modifies or clarifies various provisions of FIN 46. Interpretation No. 46R addresses the consolidation by business enterprises of variable interest entities ("VIEs"), as defined by Interpretation No. 46R. Interpretation No. 46R exempts certain entities from its requirements and provides for special effective dates for entities that have fully or partially applied FIN 46 prior to issuance of Interpretation No. 46R. Otherwise, application of Interpretation No. 46R is required in financial statements of public entities that have interest in structures commonly referred to as special purpose entities for periods ending after December 15, 2003. Application by public entities, other than small business issuers, for all other types of VIEs is required in financial statements for periods ending after March 15, 2004. The Company will adopt the provisions of Interpretation No. 46R during the quarter ended March 31, 2004.

As disclosed in Note 4, "Accounts and Notes Receivables," our Financial Services operation uses certain special purpose entities ("SPE") in the securitization and sale of its receivables. These SPEs meet the criteria of qualified special purpose entities ("QSPE") as defined by FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, which are exempt from consolidation as SPEs under Interpretation No. 46R. The Company is currently evaluating its other VIEs, but does not believe the adoption of the remaining provisions of Interpretation No. 46R will have a material effect on the Company's financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS No. 149"). SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 was implemented for contracts entered into or modified after June 30, 2003 and the disclosure requirements are reflected in the accompanying Consolidated Financial Statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS No. 150"). SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) when many of those instruments were previously classified as equity. Adoption of SFAS No. 150 in 2003 did not have a material impact on our Consolidated Financial Statements.

In December 2003, the FASB issued SFAS No. 132 (Revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits" ("SFAS No. 132") which retains the disclosures originally required by SFAS No. 132, in addition to new disclosures relating to types of plan assets, investment strategy, measurement dates, plan obligations, cash flows and components of net periodic benefit cost recognized in interim periods of defined benefit pension plans and other defined benefit postretirement plans. The provisions of SFAS No. 132 are effective for domestic plans in financial statements issued for years

ending after December 15, 2003 and for interim periods beginning after December 15, 2003 at which time the additional disclosures will be included. Full implementation is required for financial statements issued for years ending after December 15, 2004. CNH, a Netherlands based entity, has provided the required disclosure information for its U.S. and U.K. plans in advance of the required implementation date. CNH has no plans in the Netherlands. The U.S. and U.K. plans make up the majority of our defined benefit obligation.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") became law. In January 2004, the FASB issued FASB Staff Position ("FSP") No. FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP No. 106-1"). FSP No. 106-1 allows a plan sponsor to elect to defer recognition of the effects of the Act in accounting for its plan and in providing related disclosures, until authoritative guidance on the accounting for the federal subsidy is issued, or until certain other events, as defined, occur. CNH has elected to defer recognition of the Act in accordance with the provisions of FSP No. 106-1.

Note 3: Acquisitions and Divestitures of Businesses and Investments

Acquisitions and Investments

KOBELCO In January 2002, CNH entered into a global alliance with Kobelco Construction Machinery Co. Ltd. ("Kobelco Japan") and Kobe Steel, Ltd. For the development, production and sale of crawler excavators, including mini-excavators, on a worldwide basis. During the first quarter of 2002, CNH acquired a 65% interest in Kobelco America, Inc. ("Kobelco America") for approximately $101 million net of cash acquired and assumption of debt. The Kobelco America transaction is accounted for as a purchase and accordingly, the accompanying consolidated financial statements include the results of operations of Kobelco America from January 2002. In addition, in January 2002, CNH acquired a 10% interest in Kobelco Japan and certain other intangibles for $78 million. In July 2002, CNH increased its interest in Kobelco Japan from 10% to 20% for approximately $42 million. Goodwill associated with these transactions totaled $38 million. The CNH and Kobelco Japan alliance allows CNH to increase its interest in Kobelco Japan from 20% to 35% by the third quarter of 2004. The Kobelco Japan investment is accounted for using the equity method.

In July 2002, the European regional alliance between CNH and Hitachi Construction Machinery Company, Ltd. ("Hitachi") was terminated. CNH acquired Hitachi's interest in Fiat-Hitachi Excavator for approximately $42 million. Concurrent with acquiring Hitachi's interest, CNH, Kobelco Japan and Sumitomo Corporation formed Fiat-Kobelco Machinery S.p.A. (Italy) ("Fiat-Kobelco"). Fiat-Kobelco generally consists of the former Fiat-Hitachi Excavator and Kobelco Construction Machinery Europe ("Kobelco Europe") businesses. After giving consideration to Kobelco Japan purchasing shares in Fiat-Kobelco from CNH for approximately $10 million, Fiat-Kobelco is owned by the venture partners as follows: CNH 75%, Kobelco Japan 20% and Sumitomo Corporation 5%. The CNH and Kobelco Japan alliance allows Kobelco Japan to increase its interest in Fiat-Kobelco from 20% to 35% by the third quarter of 2004.

Additionally, in connection with entering into this global alliance with Kobelco Japan, CNH received proceeds of approximately $24 million from the sale of CNH's construction equipment operations in Australia and China to Kobelco Japan.

SHANGHAI In January 2002, Shanghai New Holland Agricultural Machinery Corp., Ltd. ("Shanghai") commenced operations. Shanghai was formed as a joint venture between Shanghai Tractor and Internal Combustion Engine Corporation ("STEC"), a wholly owned subsidiary of Shanghai Automotive Industry Corporation and CNH. Shanghai manufactures, distributes and exports agricultural tractors under 100 horsepower. Shanghai is owned by the venture partners as follows: CNH 60% and STEC 40%. CNH's original investment in Shanghai was approximately $14 million.

CNH CAPITAL EUROPE SAS During the second quarter of 2002, CNH and BNP Paribas Lease Group ("BPLG") formed CNH Capital Europe SAS ("CNH Capital Europe"), a retail financing partnership. CNH Capital Europe, which will hold the retail financing portfolio, will cover all brands and commercial activities of CNH in Europe. Under the partnership, BPLG owns 50.1% of the shares of CNH Capital Europe, and CNH owns the remaining 49.9% of the shares. CNH accounts for its interest in CNH Capital Europe using the equity method.

Notes to Consolidated Financial Statements

BPLG provides funding and administrative services for CNH Capital Europe, while CNH's own European financial services businesses will be responsible for the marketing and origination of financial products.

In connection with the creation of the joint venture, CNH sold approximately $100 million of retail receivables directly to BPLG during the third quarter of 2002. Additionally, CNH sold approximately $200 million of retail receivables to CNH Capital Europe during the fourth quarter of 2002. The receivables sold were previously funded by CNH's financial services subsidiaries in Italy and the United Kingdom, respectively.

Divestitures During December 2003, CNH sold its Kobelco Crane business, acquired as a part of the 2002 Kobelco acquisitions above, back to entities controlled by Kobelco, Japan.

During April 2001, CNH sold its Carr Hill Works, Doncaster, England, components facility to Graziano Trasmissioni S.p.A.

In January 2001, CNH sold its tractor manufacturing plant in Doncaster, England, to Landini S.p.A. ("Landini").

Note 4: Accounts and Notes Receivables

On Book Receivables Wholesale notes and accounts arise primarily from the sale of goods to dealers and distributors and to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have interest-free periods of up to twelve months and stated original maturities of up to twenty-four months, with repayment accelerated upon the sale of the underlying equipment by the dealer. After the expiration of any interest-free period, interest is charged to dealers on outstanding balances until CNH receives payment. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. Interest rates are set based on market factors and based on the prime rate or LIBOR. CNH evaluates and assesses dealers on an ongoing basis as to their credit worthiness.

CNH provides and administers financing for retail purchases of new and used equipment sold through its dealer network. CNH purchases retail installment sales, loan and finance lease contracts from its dealers. 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.

A summary of receivables as of December 31, 2003 and 2002 is as follows:

(IN MILLIONS)	**2003**	2002
Wholesale notes and accounts	**$ 2,574**	$ 2,541
Retail and other notes and finance leases	**2,938**	2,827
Other notes	**674**	572
Gross receivables	**6,186**	5,940
Less:		
Allowance for credit losses	**(190)**	(229)
Current portion	**(3,797)**	(3,612)
Total long-term receivables, net	**$ 2,199**	$ 2,099

Maturities of long-term receivables as of December 31, 2003 are as follows:

(IN MILLIONS)	AMOUNT
2005	$ 773
2006	563
2007	342
2008	315
2009 and thereafter	206
Total long-term receivables, net	**$ 2,199**

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

Wholesale, retail and finance lease receivables have significant concentrations of credit risk in the agricultural and construction business sectors, the majority of which are in North America. CNH typically retains, as collateral, a security interest in the equipment associated with wholesale and retail notes receivable.

Off-Book Securitizations

WHOLESALE RECEIVABLES SECURITIZATIONS CNH sells eligible receivables on a revolving basis to privately and publicly structured securitization facilities. The receivables are initially sold to wholly owned bankruptcy-remote special purpose entities ("SPE"), where required by bankruptcy laws, which are consolidated by CNH, but legally isolate the receivables from the creditors of CNH. In turn, these subsidiaries establish separate trusts to which the receivables are transferred in exchange for proceeds from debt issued by the trusts. Each trust qualifies as a Qualifying Special Purpose Entity ("QSPE") under SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"), and accordingly is not consolidated by CNH. These transactions are utilized as an alternative to the issuance of debt and allow CNH to realize a lower cost of funds due to the asset-backed nature of the receivables and the credit enhancements offered to investors.

The facilities consist of a 364-day, C$325 million facility that is renewable annually (June 2004) upon agreement of the parties and a new facility established for the U.S. wholesale receivables portfolio. During 2003, CNH established a new wholly owned bankruptcy-remote SPE, which in turn established a new master trust facility to replace the privately structured facilities that existed at December 31, 2002. The new master trust facility consists of $522 million term senior and subordinated asset-backed notes with a two year maturity, $522 million term senior and subordinated asset-backed notes with a three year maturity and a 364-day, $500 million conduit facility that is renewable annually (September 2004) at the sole discretion of the purchasers.

At December 31, 2003, $1,297 million and C$325 million were outstanding under these facilities, consisting of $1,572 million and C$441 million of wholesale receivables sold less CNH's retained undivided interest of $275 million and C$116 million. At December 31, 2002, $958 million was outstanding under the former U.S. facilities, consisting of $1,153 million of wholesale receivables sold less CNH's retained undivided interest of $195 million. For the Canadian facility at December 31, 2002, C$325 million was outstanding, consisting of C$382 million of wholesale receivables sold less CNH's retained undivided interest of C$57 million. The retained undivided interests provide recourse to investors in the event of default and are recorded at cost, which approximates fair value due to the short-term nature of the receivables, in "Accounts and notes receivable" in the accompanying consolidated balance sheets.

The cash flows between CNH and the facilities for the years ended December 31, 2003 and 2002 included:

(IN MILLIONS)	2003	2002
Proceeds from new securitizations	$ 1,518	$ 372
Repurchase of receivables	1,066	394
Proceeds from collections reinvested in the facility	4,774	3,567

In addition to the securitizations described above, certain foreign subsidiaries of CNH securitized or discounted receivables without recourse. As of December 31, 2003 and 2002, $174 million and $171 million, respectively, of wholesale receivables were outstanding. CNH records a discount each time receivables are sold to the counterparties in the facilities. This discount, which reflects the difference between interest income earned on the receivables sold and interest expense paid to the investors in the facilities, along with related transaction expenses, is computed at the then prevailing market rates as stated in the sale agreement.

At December 31, 2003 and 2002, certain subsidiaries of CNH sold, with recourse, wholesale receivables totaling $1,073 million and $1,116 million, respectively. The receivables sold are recorded in "Wholesale notes and accounts" and the proceeds received are recorded in "Short-term debt — other" in the accompanying consolidated balance sheets as the transactions do not meet the criteria for derecognition in a transfer of financial assets.

RETAIL RECEIVABLES SECURITIZATIONS CNH funds a significant portion of its retail receivable originations by means of retail receivable securitizations. Within CNH's asset securitization program, qualifying retail finance receivables are sold to limited purpose, bankruptcy-remote consolidated subsidiaries of CNH, where required by bankruptcy laws. In turn, these subsidiaries establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. Due to the nature of the assets held by the trusts and the limited nature of each trust's activities, they

Notes to Consolidated Financial Statements

are each classified as a QSPE under SFAS No. 140. The QSPEs have a limited life and generally terminate upon final distribution of amounts owed to investors or upon exercise of a cleanup call option by CNH. No recourse provisions exist that allow holders of the QSPEs' asset-backed securities to put those securities back to CNH. CNH does not guarantee any securities issued by the QSPEs.

CNH securitized retail notes with a net principal value of $3.0 billion, $2.6 billion and $2.1 billion in 2003, 2002 and 2001, respectively. CNH recognized gains on the sales of these receivables of $101 million, $68 million and $87 million in 2003, 2002 and 2001, respectively.

In conjunction with these sales, CNH retains certain interests in the sold receivables including subordinated tranches of asset-backed securities ("ABS certificates") issued, interest-only strips, cash reserve accounts held in escrow ("Spread"), and rights to service the sold receivables. The ABS certificates are initially recorded at their allocated fair value as a component of "Other assets" in the accompanying consolidated balance sheets. All other retained interests are also initially recorded at their allocated fair value as components of "Accounts and notes receivable" and "Long-term receivables" in the accompanying consolidated balance sheets. ABS certificates are classified as held to maturity securities, as the ABS certificates could not be prepaid in any way that would not assure recovery and management has the intent and ability to hold them to maturity. Interest-only strips are classified as available for sale debt securities, as they could be prepaid or settled in such a way that recovery is not assured. The other retained interests are carried at the lower of amortized cost or market. The investors and the securitization trusts have no recourse beyond CNH's retained interest assets for failure of debtors to pay when due. CNH's retained interests are subordinate to investor's interests, and are subject to credit, prepayment and interest rate risks on the transferred financial assets.

Spread accounts are created through the reduction of proceeds received by CNH from sales to provide security to investors in the event that cash collections from the receivables are not sufficient to remit principal and interest payments on the securities. In 2003 and 2002, the creation of new spread accounts reduced proceeds from the sales of retail receivables by $68 million and $71 million, respectively. Total spread account balances were $215 million and $216 million at December 31, 2003 and 2002, respectively.

The components of CNH's retained interests as of December 31, 2003 and 2002 are as follows:

(IN MILLIONS)	2003	2002
Receivables:		
Interest only strip	$ 92	$ 39
Spread and other	268	242
Total amount included in "Accounts and notes receivable"	360	281
Other assets:		
ABS certificates included in "Other assets"	231	213
Total retained interests	$ 591	$ 494

CNH is required to remit the cash collected on the serviced portfolio to the trusts within two business days. At December 31, 2003 and 2002, $7 million and $28 million, respectively, of unremitted cash payable within this two business day window was included in "Accounts payable" in the accompanying consolidated balance sheets.

Key economic assumptions utilized in measuring the initial fair value of retained interests for securitizations completed during 2003 and 2002 were as follows:

	RANGE		WEIGHTED AVERAGE	
	2003	2002	2003	2002
Constant prepayment rate	17.00-20.00%	11.72-20.00%	17.48%	16.69%
Annual credit loss rate	0.26-1.58%	0.51-0.70%	0.52%	0.63%
Discount rate	4.37-6.97%	4.62-7.45%	5.16%	4.97%
Remaining maturity in months	17-22	20-28	21	26

CNH monitors the fair value of its retained interests outstanding each period by discounting expected future cash flows based on similar assumptions. The fair value is compared to the carrying value of the retained interests and any excess of carrying value over fair value results in an impairment of the retained interests with a corresponding offset to earnings. Based on this analysis, CNH reduced the value of its interest-only strips by $12 million, $24 million and $76 million in 2003, 2002 and 2001, respectively.

IMPACT ON FAIR VALUE The significant assumptions used in estimating the fair values of retained interests from sold receivables, which remain outstanding, and the sensitivity of the current fair value to immediate 10% and 20% adverse changes at December 31, 2003 and 2002 are as follows (in millions unless stated otherwise):

	2003			2002		
	DECEMBER 31, ASSUMPTION	10% CHANGE	20% CHANGE	DECEMBER 31, ASSUMPTION	10% CHANGE	20% CHANGE
Weighted Average:						
Constant prepayment rate	19.31%	$ 1.0	$ 2.0	18.44%	$ 1.5	$ 2.2
Annual credit loss rate	0.68%	$ 6.9	$ 12.7	1.04%	$ 4.4	$ 8.0
Discount rate	5.62%	$ 2.0	$ 4.0	5.11%	$ 0.7	$ 1.2
Remaining maturity in months	16			15		

The changes shown above are hypothetical. They are computed based on variations of individual assumptions without considering the interrelationship between these assumptions. As a change in one assumption may affect the other assumptions, the magnitude of the impact on fair value of actual changes may be greater or less than those illustrated above. Weighted-average remaining maturity represents the weighted-average number of months that the current collateral balance is expected to remain outstanding.

Actual and expected credit losses are summarized as follows:

	RECEIVABLES SECURITIZED IN			
	2000	2001	2002	2003
As of December 31, 2003	1.09%	0.74%	0.66%	0.65%
As of December 31, 2002	1.38%	0.78%	1.04%	
As of December 31, 2001	2.03%	1.21%		

Credit losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets securitized.

CNH's cash flows related to securitization activities for the years ended December 31, 2003 and 2002 are as follows:

	2003	2002
(IN MILLIONS)		
Proceeds from new retail securitizations	$ 2,857	$ 2,598
Servicing fees received	51	37
Cash received on other retained interests	70	56
Cash paid upon cleanup call	213	162

Managed Portfolio — Financial Services Historical loss and delinquency amounts for Financial Services' Managed Portfolio for 2003 and 2002 are as follows:

	PRINCIPAL AMOUNT OF RECEIVABLES AT DECEMBER 31,	PRINCIPAL MORE THAN 30 DAYS DELINQUENT AT DECEMBER 31,	NET CREDIT LOSSES FOR THE YEAR ENDING
(IN MILLIONS)			
2003			
Type of receivable:			
Wholesale notes and accounts	$ 3,334	$ 95	$ 8
Retail and other notes and finance leases	9,095	315	141
Total managed	$ 12,429	$ 410	$ 149
Comprised of:			
Receivables held in portfolio	$ 3,796		
Receivables serviced for Equipment Operations	1,179		
Receivables serviced for Joint Ventures	1,401		
Securitized	6,053		
Total managed	$ 12,429		
2002			
Type of receivable:			
Wholesale notes and accounts	$ 2,794	$ 112	$ 10
Retail and other notes and finance leases	8,476	469	132
Total managed	$ 11,270	$ 581	$ 142
Comprised of:			
Receivables held in portfolio	$ 4,088		
Receivables serviced for Equipment Operations	855		
Receivables serviced for Joint Ventures	993		
Securitized	5,334		
Total managed	$ 11,270		

Notes to Consolidated Financial Statements

Note 5: Inventories

Inventories as of December 31, 2003 and 2002 consist of the following:

(IN MILLIONS)	2003	2002
Raw materials	$ 416	$ 295
Work-in-process	243	267
Finished goods	1,819	1,492
Total inventories	$ 2,478	$ 2,054

Note 6: Property, Plant and Equipment

A summary of property, plant and equipment as of December 31, 2003 and 2002 is as follows:

(IN MILLIONS)	2003	2002
Land, buildings and improvements	$ 802	$ 606
Plant and machinery	1,977	1,875
Other equipment	458	282
Construction in progress	89	169
	3,326	2,932
Accumulated depreciation	(1,798)	(1,483)
Net property, plant and equipment	$ 1,528	$ 1,449

Depreciation expense totaled $213 million, $202 million and $207 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Note 7: Investments in Unconsolidated Subsidiaries and Affiliates

A summary of investments in unconsolidated subsidiaries and affiliates as of December 31, 2003 and 2002 is as follows:

METHOD OF ACCOUNTING *(IN MILLIONS)*	2003	2002
Equity method	$ 422	$ 370
Cost method	7	5
Total	$ 429	$ 375

During 2002, investments in unconsolidated subsidiaries and affiliates increased as a result of CNH's investment in Kobelco Japan and CNH Capital Europe. At December 31, 2003, investments accounted for using the equity method primarily include interests CNH has in various ventures in the United States, Europe, Turkey, Mexico, Japan, India and Pakistan.

Note 8: Equipment on Operating Leases

A summary of Financial Services' equipment on operating leases as of December 31, 2003 and 2002 is as follows:

(IN MILLIONS)	2003	2002
Equipment on operating leases	$ 525	$ 716
Accumulated depreciation	(172)	(172)
Net equipment on operating leases	$ 353	$ 544

Depreciation expense totaled $96 million, $114 million and $92 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Lease payments owed to CNH for equipment under non-cancelable operating leases as of December 31, 2003, are as follows:

(IN MILLIONS)	AMOUNT
2004	$ 122
2005	46
2006	23
2007	6
2008	1
Total	**$ 198**

Note 9: Goodwill and Intangibles

SFAS No. 142 required companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, SFAS No. 142 requires that goodwill and intangible assets deemed to have an indefinite useful life be reviewed for impairment. CNH has identified three reporting units under the criteria set forth by SFAS No. 142: Agricultural Equipment, Construction Equipment and Financial Services. To determine fair value, CNH has relied on two valuation models: guideline company method and discounted cash flow. Upon adoption of SFAS No. 142 and effective in the first quarter of 2002, CNH recorded a one-time, non-cash charge of approximately $325 million. Such charge is reflected as a cumulative effect of change in accounting principle, net of tax, in the accompanying consolidated statements of operations. The charge consists of $319 million to reduce the carrying value of goodwill attributable to the Construction Equipment reporting unit recorded in connection with New Holland's acquisition of Case LLC, formerly Case Corporation ("Case") in 1999 and approximately $6 million related to an equity method joint venture. The impairment is primarily a result of the decline in the construction equipment market experienced by CNH and its competitors from the acquisition date through the adoption date of SFAS No. 142.

The Company performs its annual impairment review during the fourth quarter of each year. No additional impairment charge was required upon the Company's completion of its annual goodwill impairment review in the fourth quarter of 2003 or 2002.

Had the provisions of SFAS No. 142 related to amortization of goodwill been applied since January 1, 2001, the Company's net loss and earnings (loss) per share for the years ended December 31, 2003, 2002 and 2001, would have been as follows:

(IN MILLIONS, EXCEPT PER SHARE DATA)	2003	2002	2001
Net loss, as reported	**$ (157)**	$ (426)	$ (332)
Add:			
Goodwill amortization, net of tax	**—**	—	84
Intangible assets with an indefinite useful life amortization, net of tax	**—**	—	6
Adjusted net loss	**$ (157)**	$ (426)	$ (242)
Basic and diluted weighted average shares outstanding	**132**	97	55
Basic and diluted earnings (loss) per share, as reported	**$ (1.19)**	$ (4.40)	$ (6.00)
Effect of SFAS No. 142	**—**	—	1.65
Adjusted basic and diluted earnings (loss) per share	**$ (1.19)**	$ (4.40)	$ (4.35)

Amortization of goodwill and intangible assets with indefinite useful lives continues to be reflected in historical financial statements presented for 2001.

Changes in the carrying amount of goodwill, by segment, for the years ended December 31, 2003 and 2002 are as follows:

(IN MILLIONS)	AGRICULTURAL EQUIPMENT	CONSTRUCTION EQUIPMENT	FINANCIAL SERVICES	TOTAL
Balance at January 1, 2002	$ 1,737	$ 935	$ 138	$ 2,810
Impairment adjustment — adoption of SFAS No. 142	—	(319)	—	(319)
Acquisitions	—	38	—	38
Impact of foreign exchange	27	(23)	—	4
Balance at December 31, 2002	1,764	631	138	2,533
Divestitures	—	(3)	—	(3)
Impact of foreign exchange	11	6	7	24
Balance at December 31, 2003	**$ 1,775**	**$ 634**	**$ 145**	**$ 2,554**

Notes to Consolidated Financial Statements

As of December 31, 2003 and 2002, the Company's intangible assets and related accumulated amortization consisted of the following:

		2003			2002		
	WEIGHTED AVG. LIFE	GROSS	ACCUMULATED AMORTIZATION	NET	GROSS	ACCUMULATED AMORTIZATION	NET
(IN MILLIONS)							
Intangible assets subject to amortization:							
Engineering Drawings	20	$ 335	$ 69	$ 266	$ 335	$ 51	$ 284
Dealer Networks	25	216	35	181	216	26	190
Other	10-30	188	69	119	158	53	105
		739	173	566	709	130	579
Intangible assets not subject to amortization:							
Trademarks		273	—	273	273	—	273
		$1,012	$ 173	$ 839	$ 982	$ 130	$ 852

CNH recorded amortization expense of $37 million, $30 million and $122 million during 2003, 2002 and 2001, respectively. Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the succeeding 5 years is approximately $35 million. As acquisitions and dispositions occur in the future and as purchase price allocations are finalized, these amounts may vary.

For tax purposes, goodwill amortization for each of the three years ended December 31, 2003 was not deductible.

Note 10: 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 and similar agreements.

CNH has historically obtained, and may continue to obtain, a significant portion of its external financing from Fiat or under facilities guaranteed by Fiat, on terms that CNH believes are at least as favorable as those available from unaffiliated third parties. The debt owed by CNH to Fiat is unsecured. In 2003, CNH paid a guarantee fee of between 0.03125% per annum and 0.0625% per annum on the average amount outstanding under facilities guaranteed by Fiat. Fiat has agreed to maintain its existing treasury and debt financing arrangements with CNH for as long as it maintains control of CNH and, in any event, until December 31, 2004. After that time, Fiat has committed that it will not terminate CNH's access to these financing arrangements without affording CNH an appropriate time period to develop suitable substitutes.

As of December 31, 2003, CNH had approximately $4.5 billion of its $7.9 billion total lines of credit available, including the asset-backed liquidity facilities described below. Borrowings under these lines totaling $1.3 billion were classified as long-term debt, while $2.1 billion were classified as short-term debt.

The following table summarizes our credit facilities at December 31, 2003:

			DRAWN				
	MATURITY	AMOUNT	EQUIPMENT OPERATIONS	FINANCIAL SERVICES	TOTAL	AVAILABLE	GUARANTOR
(IN MILLIONS)							
Committed Lines:							
Revolving syndicated backup credit facility	2005	$ 1,800	$ —	$ —	$ —	$ 1,800	Fiat
Backup credit facilities with third parties shared with some Fiat subsidiaries	2004-5	275	—	—	—	275	Fiat
Other backup facilities with third parties	2004-6	150	—	—	—	150	Fiat
Other committed lines guaranteed by Fiat	various	55	55	—	55	—	Fiat
Revolving credit facility (Fin. Serv., USA)	2004	500	—	500	500	—	Fiat
Other committed lines (Fin. Serv., Brazil)	various	866	—	719	719	147	Fiat
Revolving credit facility with Fiat affiliate	2004	1,000	403	294	697	303	Fiat
Other committed lines	various	230	155	53	208	22	
Total committed lines		4,876	613	1,566	2,179	2,697	
Uncommitted Lines		1,112	871	131	1,002	110	
Asset-backed Programs	2004	1,931	147	83	230	1,701	
Total credit facilities		**$ 7,919**	**$ 1,631**	**$ 1,780**	**$ 3,411**	**$ 4,508**	
Total credit facilities with Fiat affiliates or guaranteed by Fiat affiliates		**$ 4,646**	**$ 458**	**$ 1,513**	**$ 1,971**	**$ 2,675**	

A summary of short-term debt, as of December 31, 2003 and 2002 is as follows:

	2003	2002
(IN MILLIONS)		
Equipment Operations:		
Credit agreements*	**$ 1,119**	$ 1,067
Short-term debt with Fiat affiliates	**403**	817
Short-term debt payable to Financial Services	**—**	354
Total short-term debt — Equipment Operations	**1,522**	2,238
Financial Services:		
Credit agreements*	**210**	429
Asset-backed commercial paper liquidity facility	**83**	167
Short-term debt with Fiat affiliates	**295**	269
Short-term debt payable to Equipment Operations	**312**	1,083
Total short-term debt — Financial Services	**900**	1,948
Less intersegment short-term debt	**(312)**	(1,437)
Total short-term debt	**$ 2,110**	$ 2,749

* 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, 2003 and 2002 were 4.72% and 4.55%, respectively. The average rate is calculated using the actual rates at December 31, 2003 and 2002 weighted by the amount of the outstanding borrowings of each debt instrument.

Borrowings under non-affiliated third party revolving credit facilities bear interest at: (1) EURIBOR, plus an applicable margin; (2) LIBOR, plus an applicable margin; (3) banker's bills of acceptance rates, plus an applicable margin; or (4) other relevant domestic benchmark rates plus an applicable margin.

The applicable margin on third party debt depends upon:

- the initial maturity of the facility/credit line;
- the rating of short-term/long-term unsecured debt at the time the facility/credit line was negotiated; in cases where Fiat provides a guarantee, the margin reflects Fiat's credit standing at the time the facility/credit line was arranged;
- the extent of over-collateralization, in the case of receivables warehouse facilities; and
- the level of availability of credit lines for CNH in different jurisdictions.

Notes to Consolidated Financial Statements

The applicable margin for related party debt is based on Fiat intercompany borrowing and lending rates applied to all of its affiliates. These rates are determined by Fiat based on its cost of funding for debt of different maturities. As Fiat's creditworthiness has in the past been consistently and significantly better than that of CNH, the cost of the related party debt has been lower than the corresponding rates that CNH could have been required to pay to unaffiliated third parties providing similar financing arrangements. Even though Fiat's and CNH's ratings are currently equal, we believe that rates applied by Fiat to our related party debt are at least as advantageous as alternative sources of funds we may obtain from third parties; in those case where we achieve negotiated margins more favorable than those applied by Fiat, we maximize use of such more advantageous facilities before returning to Fiat funding. The range of margins applied by Fiat to our related party debt outstanding as of December 31, 2003 was between 0.65% and 1.50%.

Borrowings against asset-backed commercial paper liquidity facilities bear interest at prevailing asset backed commercial paper rates. Borrowings may be obtained in U.S. Dollars and certain other foreign currencies. Certain of CNH's revolving credit facilities contain contingent requirements in respect of the maintenance of financial conditions and impose some restrictions in respect of new liens on assets and changes in ownership of certain subsidiaries. At December 31, 2003, CNH was in compliance with all debt covenants. The non-affiliated third party committed credit facilities generally provide for facility fees on the total commitment, whether used or unused, and provide for annual agency fees to the administrative agents for the facilities.

During 2003, approximately $95 million of Equipment Operation's short-term debt with Fiat was refinanced with long-term debt with Fiat in a non-cash transaction. Interest expense approximates interest paid for all periods presented.

Note 11: Long-Term Debt

A summary of long-term debt as of December 31, 2003 and 2002 is as follows:

(IN MILLIONS)	2003	2002
Equipment Operations:		
Public Notes:		
Payable in 2003, interest rate of 6.25%	$ —	$ 279
Payable in 2005, interest rate of 7.25%	244	244
Payable in 2011, average interest rate of 9.22%	1,052	—
Payable in 2016, interest rate of 7.25%	254	254
Third Party Loan:		
Payable in 2007, interest rate of 1.61% (floating rate)	188	205
Notes with Fiat affiliates:		
Payable in 2003, interest rate of 3.95%	—	199
Payable in 2003, interest rate of 4.69%	—	200
Payable in 2003, interest rate of 4.69%	—	100
Payable in 2004, interest rate of 7.92%	—	100
Payable in 2005, interest rate of 3.50%	300	600
Payable in 2006, interest rate of 2.38% (floating rate)	700	450
Payable in 2006, interest rate of 3.35% (floating rate)	101	550
Other affiliated notes, weighted average interest rate of 7.51% and 5.44%, respectively	262	233
Other debt	92	124
	3,193	3,538
Less — current maturities	(88)	(824)
Total long-term debt — Equipment Operations	3,105	2,714
Financial Services:		
Public Notes:		
Payable in 2003, interest rate of 6.13%	—	191
Payable in 2007, interest rate of 6.75%	127	127
Long-term debt with Fiat affiliates, weighted-average interest rate of 4.11% and 3.75%, respectively	306	367
Intersegment debt with Equipment Operations, interest rate of 2.44% and 2.72%, respectively	700	700
Other debt	1,260	892
	2,393	2,277
Less — current maturities	(755)	(294)
Total long-term debt — Financial Services	1,638	1,983
Less long-term debt payable to Equipment Operations	(700)	(700)
Total long-term debt	$ 4,043	$ 3,997

A summary of the minimum annual repayments of long-term debt, less current maturities of long-term debt, as of December 31, 2003, is as follows:

(IN MILLIONS)	AMOUNT
2005	$ 1,169
2006	1,150
2007	300
2008	85
2009 and thereafter	1,339
Total	**$ 4,043**

On August 1, 2003 and September 12, 2003, a total of $1.05 billion of Case New Holland, Inc. 9¼% Senior Notes due 2011 (the "9¼% Senior Notes") were issued. The 9¼% Senior Notes are fully and unconditionally guaranteed by CNH and certain of its direct and indirect subsidiaries and contain certain covenants that restrict our ability to, among other things, incur additional debt; pay dividends on our capital stock or repurchase our capital stock; make certain investments; enter into certain types of transactions with affiliates; restrict dividend or other payments by our restricted subsidiaries; use assets as security in other transactions; enter into sale and leaseback transactions; and sell certain assets or merge with, or into, other companies. In addition, certain of the related agreements governing our subsidiaries' indebtedness contain covenants limiting their incurrence of secured debt or structurally senior debt.

In 2003, CNH renewed approximately $95 million of short-term debt with Fiat through the issuance of long-term debt with Fiat in a non-cash transaction. Interest expense approximates interest paid for all periods presented.

Note 12: Income Taxes

The sources of income (loss) before taxes and minority interest for the years ended December 31, 2003, 2002 and 2001 are as follows:

(IN MILLIONS)	2003	2002	2001
The Netherlands source	$ (80)	$ (43)	$ 10
Foreign sources	(119)	(389)	(442)
Loss before taxes and minority interest	**$ (199)**	$ (432)	$ (432)

The provision (benefit) for income taxes for the years ended December 31, 2003, 2002 and 2001 consisted of the following:

(IN MILLIONS)	2003	2002	2001
Current income taxes	$ 23	$ 13	$ 69
Deferred income taxes	(72)	(27)	(174)
Total tax benefit	**$ (49)**	$ (14)	$ (105)

A reconciliation of CNH's statutory and effective income tax provision (benefit) before cumulative effect of change in accounting principle for the years ended December 31, 2003, 2002 and 2001 is as follows:

(IN MILLIONS)	2003	2002	2001
Tax benefit at the Netherlands statutory rate of 35%	$ (70)	$ (37)	$ (151)
Foreign income taxed at different rates	5	13	(29)
Effect of tax loss carryforwards	(10)	(8)	(16)
Change in valuation allowance	13	45	54
Nondeductible goodwill and intangibles	—	4	29
Dividend withholding taxes and credits	2	(19)	2
Other	11	(12)	6
Total tax benefit	**$ (49)**	$ (14)	$ (105)

Notes to Consolidated Financial Statements

The components of the net deferred tax asset as of December 31, 2003 and 2002 are as follows:

(IN MILLIONS)	2003	2002
Deferred tax assets:		
Marketing and selling incentives	$ 127	$ 118
Bad debt reserves	40	79
Postretirement and postemployment benefits	301	426
Inventories	32	37
Warranty reserves	79	74
Restructuring reserves	55	79
Other reserves	748	675
Tax loss carryforwards	1,585	1,294
Less: Valuation allowance	(1,167)	(982)
Total deferred tax assets	1,800	1,800
Deferred tax liabilities:		
Fixed assets basis difference/depreciation	190	177
Intangibles	274	281
Inventories	35	45
Other	396	416
Total deferred tax liabilities	895	919
Net deferred tax assets	**$ 905**	$ 881

The net deferred tax assets are reflected in the accompanying balance sheets as of December 31, 2003 and 2002 as follows:

(IN MILLIONS)	2003	2002
Current deferred tax asset	$ 498	$ 505
Long-term deferred tax asset	1,449	1,362
Current deferred tax liability	(171)	(223)
Long-term deferred tax liability	(871)	(763)
Net deferred tax asset	**$ 905**	$ 881

CNH has net operating tax loss carryforwards in a number of foreign tax jurisdictions within its global operations. The years in which they expire are as follows: $2 million in 2004; $4 million in 2005; $6 million in 2006; $3 million in 2007; $3 million in 2008; and $903 million with expiration dates from 2009 through 2023. CNH also has net operating tax loss carryforwards of $664 million with indefinite lives.

In 2003, 2002 and 2001, CNH recorded deferred tax assets without valuation allowances for U.S. Federal tax loss carryforwards in the amount of $97 million, $116 million and $209 million, respectively. The realization of the deferred tax assets recorded as a result of the U.S. Federal tax loss carryforward is considered to be more likely than not. This determination was based upon the evaluation of the recent losses after considering the impact of non-recurring items, the impact of the cyclical nature of the business on past and future profitability, expectations of sufficient future U.S. taxable income prior to the years in which the carryforwards expire as well as the impact of profit improvement initiatives on the future earnings of U.S. operations. These expectations of future profitability were based on assumptions regarding the Company's market share, profitability of new model introductions and benefits from capital and operating restructuring actions. CNH cannot assure that it will generate the necessary profitability to realize all or part of the U.S. deferred tax assets and that in the future these assets will not require the recording of additional valuation allowances. A determination that it is more likely than not that some or all of the deferred tax assets currently recorded will not be realized could adversely impact CNH's results of operations and financial position as the required additional valuation allowance would be an additional charge recorded to tax expense in the period that such determination was made.

During 2003, 2002 and 2001, CNH generated income in certain International and U.S. State jurisdictions that supported reductions in the valuation allowance and recognized losses in certain international and U.S. state jurisdictions that supported increases in the valuation allowance. CNH has recorded deferred tax assets without valuation allowances in tax jurisdictions where CNH has generated income, as CNH believes it is more likely than not that such assets will be realizable in the future. CNH has recorded valuation allowances in certain tax jurisdictions where it does not expect to generate sufficient income to fully realize the deferred tax asset. As of December 31, 2003, CNH has $132 million of U.S. state tax loss carryforwards and $988 million of non-U.S. Federal tax loss carryforwards for which CNH has established valuation allowances of $29 million and $710 million, respectively.

With respect to the valuation allowances recorded against the deferred tax assets of Case and its subsidiaries as of the acquisition date, any reduction in these valuation allowances will, in the future, be treated as a reduction of the goodwill recorded in conjunction with the acquisition and will not impact future periods' tax expense. As of December 31, 2003, the valuation allowance that is potentially subject to being allocated to goodwill as part of the Case acquisition totaled $535 million.

At December 31, 2003, the undistributed earnings of foreign subsidiaries totaled approximately $2.2 billion. 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 received (paid) cash of $83 million, $83 million and ($63) million for taxes during 2003, 2002 and 2001 respectively.

Note 13: Restructuring

Effective January 1, 2003, CNH has adopted SFAS No. 146. Under SFAS No. 146, CNH recognizes costs related to restructuring when a liability is incurred. Prior to January 1, 2003, CNH recorded restructuring liabilities at the time management approved and committed CNH to a restructuring plan that identified all significant actions to be taken and the expected completion date of the plan was within a reasonable period of time. The restructuring liability included those restructuring costs that (1) could be reasonably estimated, (2) were not associated with or did not benefit activities that would be continued, and (3) were not associated with or were not incurred to generate revenues after the plan's commitment date. Restructuring costs were incurred as a direct result of the plan and (1) were 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.

CNH Merger Integration Plan As part of its original merger integration, CNH evaluated the divestiture or closure of certain manufacturing locations and parts depots. Through the consolidation of all functional areas, including the impact of divestiture actions required by the European and U.S. regulatory agencies in connection with the merger, CNH significantly reduced its worldwide workforce. The CNH Merger Integration Plan takes into consideration duplicate capacity and other synergies including purchasing and supply chain management, and selling, general and administrative functions. These restructuring actions will be recorded and implemented through at least 2004.

The CNH Merger Integration Plan is comprised of two separate programs, the Case Purchase Accounting Restructuring Program and the CNH Merger Integration Program. The Case Purchase Accounting Restructuring Program encompasses all actions of the CNH Merger Integration Plan related to Case which qualified for purchase accounting treatment at the time of the merger. The CNH Merger Integration Program encompasses all other actions of the CNH Merger Integration Plan. CNH expects to fund the remaining cash requirements of the CNH Merger Integration Plan with cash flows from operations and additional borrowings under CNH's credit facilities.

CNH MERGER INTEGRATION PROGRAM During 2003, 2002 and 2001, $274 million, $61 million and $122 million, respectively, was recorded under the CNH Merger Integration Program. These costs primarily relate to severance and other employee-related costs, writedown of assets, loss on the sale of assets and businesses, costs related to closing, selling, downsizing existing facilities and other merger related costs. During 2001, 2002 and 2003, CNH reversed $18 million, $10 million and $3 million, respectively, of the CNH Merger Integration Program accrual principally as a result of determining that costs to exit certain facilities were lower than anticipated.

As of December 31, 2003, CNH had terminated 3,800 employees under the CNH Merger Integration Program and has approximately 200 employees who have yet to be terminated under the program. These reductions were achieved by eliminating administrative and back office functions and related personnel and manufacturing personnel in facilities that were either closed or downsized. These costs include severance and contractual benefits in accordance with collective bargaining agreements, other agreements and CNH policy, outplacement services, medical and supplemental vacation and retirement payments.

Notes to Consolidated Financial Statements

Costs related to closing, selling, and downsizing existing facilities were due to required divestitures, excess capacity and duplicate facilities and primarily relate to the following actions under the CNH Merger Integration Plan:

- Closing of CNH's East Moline, United States combine manufacturing plant and moving production to the Grand Island, United States plant.
- Rationalization of the crawler excavator product line produced at the Crepy, France facility;
- Transfer production of the loader/backhoe product line produced at the Crepy, France facility to the Imola, Italy facility;
- Outsourcing of various components produced at the Burlington, Iowa facility; and
- Other actions which take into consideration duplicate capacity and other synergies including purchasing and supply chain management, research and development and selling, general and administrative functions related to CNH's operations.

As management approves and commits to a restructuring action, CNH determines the assets that will be disposed of in the restructuring actions and records an impairment loss equal to the lower of their carrying amount or fair market value less the cost to sell. The fair market value of the assets is determined as the amount at which the asset could be bought or sold in a current transaction between willing parties. Impairment charges of $38 million, $13 million and $15 million were included in costs provided for closing, selling, downsizing, exiting facilities and asset impairments in 2003, 2002 and 2001, respectively.

Other merger related costs relate to incremental costs incurred by CNH in conjunction with merger integration activities at CNH. These costs are classified as "Restructuring and other merger related costs" in the accompanying statements of operations. These expenses consist primarily of consulting expenses, systems integration expenses and employee relocation expenses. Other merger related costs were recorded from the time of the merger through September 2001.

The following table sets forth activity for the CNH Merger Integration Program for the years ended December 31, 2001, 2002 and 2003:

(IN MILLIONS)	SEVERANCE AND OTHER EMPLOYEE COSTS	FACILITY RELATED COSTS AND ASSET IMPAIRMENTS	OTHER RESTRUC-TURING	OTHER MERGER	TOTAL
Balance at January 1, 2001	$ 12	$ 51	$ 6	$ —	$ 69
Additions	74	18	15	15	122
Reserves utilized	(40)	(52)	(2)	(15)	(109)
Changes in estimates	—	(15)	(3)	—	(18)
Balance at December 31, 2001	46	2	16	—	64
Additions	34	17	10	—	61
Reserves utilized	(49)	(5)	(16)	—	(70)
Changes in estimates	(3)	(7)	—	—	(10)
Balance at December 31, 2002	28	7	10	—	45
Additions	220	44	10	—	274
Reserves utilized	(204)	(32)	(10)	—	(246)
Changes in estimates	(3)	—	—	—	(3)
Balance at December 31, 2003	**$ 41**	**$ 19**	**$ 10**	**$ —**	**$ 70**

The specific restructuring measures and associated estimated costs were based on management's best business judgment under prevailing circumstances. Management believes that the CNH Merger Integration Program reserve balance at December 31, 2003, is adequate to carry out the restructuring activities as outlined above, and CNH anticipates that the majority of all actions currently accrued for will be completed by December 31, 2004. Costs relating to the majority of these actions will be expended through the second quarter of 2004. As prescribed under U.S. GAAP, if future events warrant changes to the reserve, such adjustments will be reflected in the applicable statements of operations as "Restructuring."

CASE PURCHASE ACCOUNTING RESTRUCTURING PROGRAM During 1999, CNH recorded $90 million under the Case Purchase Accounting Restructuring Program as a part of the preliminary allocation of the Case purchase price. During 2000, in connection with the finalization of the Case purchase price allocation, an additional $264 million was recorded

for the Case Purchase Accounting Restructuring Program. These costs primarily relate to closing, selling, and downsizing existing facilities and severance and other employee-related costs. During 2001, CNH reversed $31 million of the Case Purchase Accounting Restructuring Program accrual to goodwill as more employees left CNH voluntarily than originally anticipated and as costs to exit certain facilities were determined to be lower than anticipated.

The following table sets forth the CNH activities for the years ended December 31, 2001 and 2002 under the Case Purchase Accounting Restructuring Program:

(IN MILLIONS)	SEVERANCE AND OTHER EMPLOYEE COSTS	FACILITY RELATED COSTS	OTHER COSTS	TOTAL
Balance at January 1, 2001	$ 68	$ 113	$ 1	$ 182
Reserves utilized	(50)	(91)	—	(141)
Changes in estimates	(12)	(19)	—	(31)
Balance at December 31, 2001	6	3	1	10
Reserves utilized	(6)	(3)	(1)	(10)
Balance at December 31, 2002	$ —	$ —	$ —	$ —

The specific restructuring measures and associated estimated costs were based on management's best business judgment under prevailing circumstances. All actions recorded in the Case Purchase Accounting Restructuring Program have been completed and there are no unresolved activities. Any additional restructuring actions relating to Case locations or employees are recorded as restructuring costs under the CNH Merger Integration Program.

Kobelco Purchase Accounting Restructuring Programs During 2002, CNH recorded $5 million under the Kobelco Purchase Accounting Restructuring Programs as a part of the preliminary allocation of the Kobelco America and Kobelco Europe purchase price. These amounts primarily relate to costs related to closing, selling, and downsizing existing facilities and severance and other employee-related costs. During 2003, $3 million of these reserves were utilized. As of December 31, 2003, reserves under this program were approximately $2 million.

Note 14: Employee Benefit Plans and Postretirement Benefits

Defined Benefit and Postretirement Benefit Plans CNH has various defined benefit plans that cover certain employees. Benefits are generally based on years of service and, for most salaried employees, on final average compensation. Benefits for salaried employees were frozen for pay and service as of December 31, 2000. Salaried employees receive a 3% increase for every year of employment after December 31, 2000 for a maximum of three years.

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.

CNH has postretirement health and life insurance plans that cover the majority of its U.S. and Canadian employees. For New Holland U.S. salaried and hourly employees, and for Case U.S. non-represented hourly and Case U.S. and Canadian salaried employees, the plans cover employees retiring on or after attaining age 55 who have had at least 10 years of service with the Company. For Case U.S. and Canadian hourly employees represented by a labor union, the plans generally cover employees who retire pursuant to their respective hourly plans and collective bargaining agreements. 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. CNH U.S. and Canadian employees hired after January 1, 2001 and January 1, 2002, respectively, are not eligible for postretirement health and life insurance benefits under the CNH plans. Beginning in 2005, a defined dollar benefit will apply to salaried retiree medical coverage. Once the defined dollar benefit is reached, contributions paid by the retirees will increase by an amount equal to any premium cost increases above that amount.

In connection with CNH's acquisition of Orenstein & Koppel Aktiengesellschaft ("O&K") in December 1998, 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. In connection with the acquisition of O&K, CNH entered into an agreement with the seller of O&K whereby the seller, in return for a payment of $140 million, has agreed to reimburse O&K for all future pension payments, including death benefits and medical support liabilities and any funding

Notes to Consolidated Financial Statements

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. The actuarial present value related to this benefit obligation that is recorded on the balance sheet and reflected in the rollforward below was $171 million and $145 million at December 31, 2003 and 2002, respectively. CNH has an equal, corresponding other asset on its balance sheet to reflect the payment made by CNH to the seller in conjunction with the acquisition.

Former parent companies of New Holland and Case retained certain accumulated pension benefit obligations and related assets and certain accumulated postretirement health and life insurance benefit obligations. Accordingly, as these remain the obligations of the former parent companies, the financial statements of CNH do not reflect any related assets or liabilities.

The following assumptions were utilized in determining the funded status of CNH's defined benefit pension plans for the years ended December 31, 2003, 2002 and 2001:

	2003		2002		2001	
	U.S. PLANS	NON-U.S. PLANS	U.S. PLANS	NON-U.S. PLANS	U.S. PLANS	NON-U.S. PLANS
Weighted-average discount rates for obligations	**6.25%**	**5.31%**	6.75%	5.58%	7.25%	5.91%
Weighted-average discount rates for expense	**6.75%**	**5.58%**	7.25%	5.91%	7.50%	5.92%
Rate of increase in future compensation	**N/A**	**3.43%**	N/A	3.42%	N/A	3.81%
Weighted-average, long-term rates of return on plan assets	**8.75%**	**7.33%**	9.00%	7.33%	9.00%	7.31%

The expected long-term rate of return on plan assets reflects management's expectations of long-term average rates of earnings on funds invested to provide for benefits included in the projected benefit obligations. The return is based on the outlook for inflation, fixed income returns and equity returns, while also considering the plans' historical returns, their asset allocation and investment strategy, as well as the views of investment managers and other large pension plan sponsors. Although not a guarantee of future results, the average annual return of key indices, allocated in a fashion similar to our U.S. plan assets, reflect a return of 10.25% over the last ten years and 12.06% over the past 20 years. The expected long-term rate of return, which will be used beginning in 2004, will be 8.75% for the U.S. plans and between 6.00% and 7.50% for non-U.S. plans.

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, 2003, 2002 and 2001:

	2003		2002		2001	
	U.S. PLANS	CANADIAN PLAN	U.S. PLANS	CANADIAN PLAN	U.S. PLANS	CANADIAN PLAN
Weighted-average discount rates for obligations	**6.25%**	**6.00%**	6.75%	6.75%	7.25%	6.50%
Weighted-average discount rates for expense	**6.75%**	**6.75%**	7.25%	6.50%	7.50%	6.50%
Rate of increase in future compensation	**4.00%**	**3.50%**	4.00%	3.50%	4.00%	3.50%
Weighted-average, assumed healthcare cost trend rate	**10.00%**	**9.00%**	10.00%	9.00%	8.00%	8.50%
Weighted-average, assumed ultimate healthcare cost trend rate	**5.00%**	**5.00%**	5.00%	5.00%	5.50%	5.00%
Year anticipated attaining ultimate healthcare cost trend rate	**2008**	**2011**	2007	2010	2006	2008

CNH uses a measurement date of December 31 for its qualified and non-qualified pension plans and postretirement benefit plans.

Plans in the U.S. and U.K. reflect the majority of CNH's pension and postretirement benefit plan obligations. The fair value of the CNH U.S. qualified pension plan assets as of December 31, 2003 and 2002 was approximately $600 million and $483 million, respectively. The expected long-term rate of return on the plan assets was 8.75% in 2003 and 9.00% in 2002. The fair value of the CNH U.K. qualified pension plan assets as of December 31, 2003 and 2002 was approximately $654 million and $531 million, respectively.

The asset allocation for the CNH U.S. and U.K. qualified pension plans and the target allocation for 2004 are as follows:

	U.S. PLANS			U.K. PLANS		
	TARGET ALLOCATION	PERCENTAGE OF PLAN ASSETS AS OF DECEMBER 31,		TARGET ALLOCATION	PERCENTAGE OF PLAN ASSETS AS OF DECEMBER 31,	
	2004	2003	2002	2004	2003	2002
Asset category:						
Equity securities	53%	54%	53%	70%	68%	54%
Debt securities	47%	45%	47%	30%	32%	46%
Cash	—	—	—	—	—	—

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

CNH currently estimates that discretionary contributions to its U.S. defined benefit pension plan trust will be approximately $155 million in 2004. Estimated contributions to the CNH postretirement benefit plan in the U.S. total approximately $65 million for 2004.

On December 8, 2003, the Act was signed into law. The Act introduced a prescription drug benefit program under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans. Certain accounting issues raised by the Act, such as how to account for the federal subsidy, are not explicitly addressed by FASB Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." The FASB issued FSP No. 106-1, which allows sponsors to elect to defer recognition of the effects of the Act.

In accordance with FSP No. 106-1, CNH has elected to defer recognition of the effects of the Act. Accordingly, the financial statements do not reflect the effects of the Act.

The following summarizes data from CNH's defined benefit pension plans and postretirement health and life insurance plans for the years ended December 31, 2003 and 2002:

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2003	2002	2003	2002
(IN MILLIONS)				
Change in benefit obligations:				
Actuarial present value of benefit obligation at beginning of measurement period	$ 2,027	$ 1,759	$ 1,019	$ 863
Service cost	27	25	17	15
Interest cost	123	115	71	58
Plan participants' contributions	5	5	5	4
Actuarial loss	131	172	366	134
Currency fluctuations	185	140	7	—
Gross benefits paid	(125)	(105)	(63)	(48)
Plan amendments	—	(80)	(21)	—
Acquisitions/divestitures	(5)	(6)	—	—
Curtailment loss	58	2	93	—
Adjustments to reflect re-measurement of benefit obligation	—	—	—	(7)
Actuarial present value of benefit obligation at end of measurement period	2,426	2,027	1,494	1,019
Change in plan assets:				
Plan assets at fair value at beginning of measurement period	1,130	1,301	—	—
Actual return on plan assets	182	(153)	—	—
Currency fluctuations	92	62	—	—
Employer contributions	114	28	58	44
Plan participants' contributions	5	5	5	4
Gross benefits paid	(125)	(105)	(63)	(48)
Acquisitions/divestitures	(5)	(8)	—	—
Plan assets at fair value at end of measurement period	1,393	1,130	—	—
Funded status:	(1,033)	(897)	(1,494)	(1,019)
Unrecognized prior service cost	17	20	(46)	(42)
Unrecognized net loss resulting from plan experience and changes in actuarial assumptions	718	689	709	375
Remaining unrecognized net asset at initial application	—	—	37	46
Net amount recognized at end of year	$ (298)	$ (188)	$ (794)	$ (640)

Notes to Consolidated Financial Statements

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2003	2002	2003	2002
(IN MILLIONS)				
Amounts recognized in the balance sheets consist of:				
Prepaid benefit cost	$ 79	$ 121	$ —	$ —
Accrued benefit liability	(1,006)	(949)	(794)	(640)
Intangible asset	17	20	—	—
Deferred tax assets	222	223	—	—
Accumulated other comprehensive income	398	397	—	—
Net amount recognized at end of year	$ (290)	$ (188)	$ (794)	$ (640)

The following summarizes the statement of operations impact of CNH's defined benefit pension plans and postretirement health and life insurance plans for the years ended December 31, 2003, 2002 and 2001:

	PENSION BENEFITS			OTHER POSTRETIREMENT BENEFITS		
	2003	2002	2001	2003	2002	2001
(IN MILLIONS)						
Components of net periodic benefit cost:						
Service cost	$ 27	$ 25	$ 29	$ 17	$ 15	$ 12
Interest cost	123	115	114	71	58	50
Expected return on assets	(95)	(110)	(119)	—	—	—
Amortization of:						
Transition asset	—	—	—	9	9	9
Prior service cost	3	4	3	(17)	(14)	(13)
Actuarial loss	49	22	3	35	16	6
Net periodic benefit cost	107	56	30	115	84	64
Curtailment loss	58	2	1	93	—	—
Total expense	$ 165	$ 58	$ 31	$ 208	$ 84	$ 64

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 $2.4 billion, $2.3 billion and $1.4 billion, respectively as of December 31, 2003 and $2.0 billion, $1.9 billion and $1.1 billion, respectively, as of December 31, 2002.

Due to the poor performance of equity markets in 2000, 2001 and 2002, the value of the CNH pension fund assets, which principally relate to plans in the United States and United Kingdom, declined. SFAS No. 87, "Employers' Accounting for Pensions" requires recognition of an additional minimum liability if the market value of plan assets is less than the accumulated benefit obligation at the end of the plan year. At December 31, 2003, this resulted in a decrease in accumulated other comprehensive income, a component of Shareholders' Equity, of approximately $398 million, net of tax of $222 million. These amounts are essentially unchanged from December 31, 2002.

We have experienced a continuing high level of other post-retirement employee benefit costs, principally related to health care, during 2003. Consequently, we will maintain the 2003 initial annual estimated rate of increase in the per capita cost of healthcare at 10% for 2004 despite earlier expectations that this rate would decrease. The initial annual estimated rate of increase in per capita cost of healthcare will decrease by 1% in each subsequent year until reaching 5% in 2008. Increasing the assumed healthcare cost trend rate by one percentage point would increase the total accumulated postretirement benefit obligation at December 31, 2003, by approximately $142 million, and would increase the aggregate of the service cost and interest cost components of the net 2003 postretirement benefit cost by approximately $22 million. Decreasing the assumed healthcare cost trend rate by one percentage point would decrease the total accumulated postretirement benefit obligation at December 31, 2003, by approximately $120 million, and would decrease the aggregate of the service cost and interest cost components of the net 2003 postretirement benefit cost by approximately $19 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 approximately $14 million and $13 million at December 31, 2003 and 2002, 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 an employee severance indemnity has been provided for a portion of CNH's Italian employees' annual salaries, indexed for inflation. At December 31, 2003 and 2002, the indemnity accruals were $97 million and $87 million, respectively.

Additionally, certain executives participate in a special plan approved by the Board of Directors of Fiat and CNH (the "Individual Top Hat Scheme"), which provides a lump sum to be paid in installments if an executive leaves, in certain circumstances, Fiat and/or its subsidiaries before the age of 65. Contributions to the Individual Top Hat Scheme totaled $745,000, $446,000 and $1,717,000 in 2003, 2002 and 2001, respectively.

Defined Contribution Plans Effective January 1, 2001, both the Case and New Holland entities provide an identical defined contribution plan for their U.S. salaried employees (the "CNH Salaried Plan"). The CNH Salaried Plan allows employee elective deferrals on a pretax basis of up to 25% of pay with CNH matching such deferrals at a rate of 70 cents for each dollar deferred on the first 10% of participant contributions. In addition to matching contributions, CNH provides a fixed contribution of five percent of eligible salary per year. During 2003, 2002 and 2001, CNH contributed $14 million, $14 million and $15 million, respectively, in matching contributions. During 2003, 2002 and 2001, CNH contributed $12 million, $13 million and $8 million, respectively, in fixed contributions. Subject to CNH's operating results, CNH may make additional profit sharing matching contributions to the defined contribution plan. CNH made no profit sharing contributions in 2003, 2002 or 2001.

Effective January 1, 2001, both the Case and New Holland entities provide an identical defined contribution plan for their U.S. non-represented hourly employees (the "CNH Hourly Plan"). These plans allow employee elective deferrals on a pretax basis of up to 25% (15% prior to January 1, 2002) of base compensation with CNH matching such deferrals at a rate of 50% on the first 10% of a participant's contribution. During 2003, 2002 and 2001, CNH contributed $3 million, $3 million and $5 million, respectively, in matching contributions.

Effective July 1, 2003, the Company updated the CNH Hourly Plan specific to U.S. non-represented hourly employees hired on or after July 1, 2003, to include a fixed contribution of 5% of eligible pay, in lieu of participating in the Company's defined benefit pension plan.

CNH also maintains a plan for represented hourly employees covered by collective bargaining agreements, which provides for employee elective deferrals of up to 25% of eligible pay. UAW represented participants hired after the 1998 collective bargaining agreement are eligible for a 25% match on the first 6% of participant contributions. All other represented employees and UAW represented participants hired before the 1998 collective bargaining agreement are not eligible for this match.

Note 15: Other Accrued Liabilities

A summary of other accrued liabilities as of December 31, 2003 and 2002 is as follows:

(IN MILLIONS)	2003	2002
Marketing and sales incentive programs	$ 371	$ 333
Current deferred tax liability	171	223
Warranty provisions	183	169
Accrued payroll	130	140
Value-added taxes and other taxes payable	167	107
Other accrued expenses	773	740
Total other accrued liabilities	**$ 1,795**	$ 1,712

Note 16: Commitments and Contingencies

Environmental CNH is involved in environmental remediation activities concerning potential liabilities under U.S. federal, U.S. state and non-U.S. environmental laws. These activities involve non-owned Waste Sites and properties currently or formerly owned by CNH where it is believed there has been a release of hazardous substances. These properties comprise a number of sites currently or formerly operated by CNH or its 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 provided in ranges to reflect uncertainties due to a variety of factors that include lack of direct knowledge of historic industrial and waste handling activities that may have resulted in releases of hazardous substances, inherent limitations of subsurface soil and groundwater investigatory techniques, future changes in the laws, including their interpretation and implementation by governmental authorities, changes in remedial technologies, level of responsibility to be assumed by other potentially responsible parties, and future land use. Probable liabilities may also be the subject of both asserted and unasserted claims, including those by government authorities that may be dormant or pursued over extremely long time periods. Moreover, because liability under CERCLA and similar laws can be strict, joint and several, CNH could be required to pay amounts in excess of its pro-rata share of remediation costs at the Waste Sites. Settlements and government-approved and completed remediation projects can, in certain circumstances, be reopened based on newly discovered conditions and be subject to further remedial activities or settlement payments.

Based upon information currently available, management estimates potential environmental liabilities including remediation, decommissioning, restoration, monitoring, and other closure costs associated with current or formerly owned or operated facilities, the Waste Sites, and other claims to be in the range of $42 million to $101 million. As of December 31, 2003, environmental reserves of approximately $62 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 these existing claims will not have a material adverse effect on CNH's financial position or results of operations.

Other Litigation In December 2002, six named individuals filed a purported class action lawsuit in the Federal District Court for the Eastern District of Michigan against El Paso Tennessee Pipeline Co. (formerly Tenneco, Inc.) ("El Paso") and Case. (Yolton, et. al v. El Paso Tennessee Pipeline Co., and Case Corporation a/k/a/ Case Power Equipment Corporation, Docket number 02-74276). The lawsuit alleged breach of contract and violations of various provisions of the Employee Retirement Income Security Act arising due to alleged changes in health insurance benefits provided to employees of the Tenneco, Inc. agriculture and construction equipment business who retired before selected assets of that business were transferred to Case in June 1994. The changes resulted from an agreement between an El Paso subsidiary and the UAW to cap (prior to the transfer of the agricultural and construction equipment business to Case) the amount of retiree health insurance costs (the "Cap"). The UAW retirees were to bear the costs above the Cap. El Paso administers the health insurance programs for the purported plaintiff class, and Case and El Paso are parties to a 1994 agreement under which El Paso has agreed to indemnify Case for the costs of the health insurance program. The lawsuit arose after El Paso notified the retirees that the retirees will be required to pay a portion of the cost of those benefits because the Cap had been reached. The plaintiffs also filed a motion for preliminary injunction, asking the court to prevent El Paso and/or Case from requesting the retirees to pay a portion of the health benefits. On December 31, 2003, the court entered a preliminary injunction order requiring El Paso to pay the full costs of health insurance benefits for the purported plaintiff class. El Paso filed a motion for reconsideration. On March 9, 2004, the court entered an order granting plaintiffs' motion for preliminary injunction. Pursuant to the March 9, 2004 order, the court vacated its December 31, 2003 order and ordered Case to pay the full costs of health insurance benefits for the purported plaintiff class from March 2004. However, El Paso has not disputed its responsibility to pay amounts up to the Cap. Case has filed a motion with the court seeking to have the preliminary injunction stayed and the order reconsidered because we believe El Paso is primarily responsible for the costs of the health insurance benefits including amounts over the Cap and, in any event, Case should not be responsible for amounts up to the Cap. Case also has filed a motion for summary judgment that El Paso indemnify Case pursuant to the terms of the 1994 agreement. Until the court rules on

Case's motion to reconsider our summary judgment motion, Case is obligated to pay the amounts above the Cap. While CNH is unable to predict the outcome of this proceeding, CNH believes that Case has good legal and factual defenses and CNH will continue to vigorously defend against this lawsuit.

Commitments Minimum rental commitments at December 31, 2003, under non-cancelable operating leases with lease terms in excess of one year are as follows:

(IN MILLIONS)	AMOUNT
2004	$ 43
2005	28
2006	22
2007	18
2008	16
Thereafter	72
Total minimum rental commitments	**$ 199**

Total rental expense for all operating leases was $33 million, $40 million and $44 million for the years ended December 31, 2003, 2002 and 2001, respectively.

In the normal course of business, CNH and its subsidiaries issue guarantees in the form of bonds guaranteeing the payment of value added taxes, performance bonds, custom bonds, bid bonds and bonds related to litigation. As of December 31, 2003, total commitments of this type total approximately $201 million.

Guarantees As described in Note 2 "Summary of Significant Accounting Policies," CNH pays for normal warranty costs and the costs of major programs to modify products in the customers' possession within certain pre-established time periods. A summary of recorded activity for the years ended December 31, 2003 and 2002 for this commitment is as follows:

(IN MILLIONS)	**2003**	2002
Balance, beginning of year	**$ 169**	$ 189
Current year provision	**247**	216
Claims paid and other adjustments	**(233)**	(236)
Balance, end of year	**$ 183**	$ 169

Note 17: Financial Instruments

Fair Market Value of Financial Instruments The fair market value of a financial instrument is the price at which one party would assume the rights and/or duties of another party. The estimated fair market values of financial instruments that do not approximate their carrying values in the financial statements as of December 31, 2003 and 2002 are as follows:

	2003		2002	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
(IN MILLIONS)				
Accounts and notes receivable, net	**$ 5,996**	**$ 6,055**	$ 5,711	$ 5,790
Long-term debt	**$ 4,043**	**$ 4,190**	$ 3,997	$ 3,949

Accounts and notes receivable, net The fair value of accounts and notes receivable was based on discounting the estimated future payments at prevailing market rates. The fair value, which approximates carrying 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 carrying amount of floating-rate accounts and notes receivable was assumed to approximate their fair value.

Long-Term debt The fair value of fixed-rate, public long-term debt was based on both quoted prices and the market value of debt with similar maturities and interest rates; the fair value of other fixed-rate borrowings were based on discounting using the treasury yield curve; the carrying amount of floating-rate long-term debt was assumed to approximate their fair value.

Derivative contracts As derivatives are recorded at fair market value on the balance sheet, the carrying amounts and fair market values are equivalent for CNH's foreign exchange forward contracts, currency options, interest rate swaps and interest rate caps.

Derivatives CNH utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency exposures. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract. CNH does not hold or issue such instruments for trading purposes.

Notes to Consolidated Financial Statements

The credit and market risk for interest rate hedges are reduced through diversification among counterparties with high credit ratings. These counterparties include certain Fiat subsidiaries. The total notional amount of foreign exchange hedges and interest rate derivative hedges with certain Fiat subsidiaries as counterparties was approximately $977 million as of December 31, 2003.

Foreign Exchange Contracts CNH has entered into foreign exchange forward contracts, swaps, and options in order to manage and preserve the economic value of cash flows in non-functional currencies. CNH conducts its business on a multinational basis in a wide variety of foreign currencies and hedges foreign currency exposures arising from various receivables, liabilities and expected inventory purchases. Derivative instruments that are utilized to hedge the foreign currency risk associated with anticipated inventory purchases in foreign currencies are designated as cash flow hedges. Gains and losses on these instruments, to the extent that they have been effective, are deferred in other comprehensive income and recognized in earnings when the related inventory is sold. Ineffectiveness related to these hedge relationships is recognized currently in the Statements of Operations as “Other, Net” and was not significant. The maturity of these instruments does not exceed 12 months and the net of tax losses deferred in other comprehensive income to be recognized in earnings over the 12 months ending December 31, 2004 are $5.6 million. The effective portion of changes in the fair value of the derivatives are recorded in other comprehensive income and are recognized in the Statements of Operations when the hedge item affects earnings.

CNH has also designated certain forwards and swaps as fair value hedges of certain short-term receivables and liabilities denominated in foreign currencies. The effective portion of the fair value gains or losses on these instruments are reflected in earnings and are offset by fair value adjustments in the underlying foreign currency exposures. Ineffectiveness related to these hedge relationships was not material.

Options and forwards not designated as hedging instruments are also used to hedge the impact of variability in exchange rates on foreign operational cash flow exposures. The changes in the fair values of these instruments are recognized directly in earnings, and are expected to generally offset the foreign exchange gains or losses on the exposures being managed, although the gain or loss on the exposure being hedged may be recorded in a different period than the gains or losses on the derivative instruments.

Interest Rate Derivatives CNH has entered into interest rate swaps agreements in order to manage interest rate exposures arising in the normal course of business for Financial Services. Interest rate swaps that have been designated in cash flow hedging relationships are being used by CNH to mitigate the risk of rising interest rates related to the anticipated issuance of short-term LIBOR based debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in other comprehensive income and recognized in interest expense over the period in which CNH recognizes interest expense on the related debt. Ineffectiveness recognized related to these hedge relationships was not significant and is recorded in “other, net” in the accompanying statements of operations. The maximum length of time over which CNH is hedging its interest rate exposure through the use of derivative instruments designated in cash flow hedge relationships is 72 months, and CNH expects approximately $8 million, net of tax losses deferred in other comprehensive income to be recognized in earnings over the 12 months ending December 31, 2004.

Interest rate swaps that have been designated in fair value hedge relationships have been used by CNH to mitigate the risk of deductions in the fair value of existing fixed rate long term bonds and medium-term notes due to decreases in LIBOR based interest rates. This strategy is used mainly for the interest rate exposures for Equipment Operations. Gains and losses on these instruments are reflected in interest expense in the period in which they occur and an offsetting gain or loss is also reflected in interest expense based on changes in the fair value of the debt instrument being hedged due to changes in LIBOR based interest rates. There was no ineffectiveness as a result of fair value hedge relationships in 2003 or 2002.

CNH enters into forward starting interest rate swaps and forward rate agreements as hedges of the proceeds received upon the sale of receivables in ABS transactions as described in Note 4, “Accounts and Notes Receivable.” These instruments protect the Company from rising interest rates, which impact the rates paid on the securities issued to investors in connection with these transactions. The changes in the fair value of these instruments are highly correlated to changes in the fair value of the anticipated cash flows from the proceeds to be received. Gains and losses are deferred in other comprehensive income and recognized in “Finance and interest income” in the accompanying statements of operations at the time of the ABS issuance. Ineffectiveness of these hedge relationships was not significant in 2003 or 2002.

CNH also utilizes both back-to-back interest rate swaps and back-to-back interest rate caps that are not designated in hedge relationships. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in earnings. These instruments are used to mitigate interest rate risk related to the Company's asset-backed commercial paper facilities and various limited purpose business trusts associated with the Company's retail note asset-backed securitization programs in North America. These facilities and trusts require CNH to enter into interest rate swaps and caps. To ensure that these transactions do not result in the Company being exposed to this risk, CNH enters into an offsetting interest rate swap or cap with substantially similar terms. Net gains and losses on these instruments were insignificant for 2003 and 2002.

Note 18: Shareholders' Equity

On March 27, 2003, CNH's shareholders approved, at an Extraordinary General Meeting, adoption of certain amendments to the Articles of Association of CNH, including an increase in CNH's authorized share capital to €1,350 million, divided into 400 million common shares and 200 million Series A preference shares with a per share par value of €2.25. In a separate action, the shareholders have authorized the board of directors to resolve on any future issuance of authorized shares for a period ending February 2007.

On April 1, 2003, CNH effected a 1-for-5 reverse stock split of its common shares. All references in the accompanying consolidated financial statements and notes thereto to earnings per share and the number of shares have been retroactively restated to reflect this reverse stock split.

On April 7 and 8, 2003, CNH Global issued a total of 8 million shares of Series A Preferred Stock to Fiat and an affiliate of Fiat in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies.

The Series A Preferred Stock will not accrue dividends until January 1, 2005. Subsequently, the Series A Preferred Stock will pay a dividend at the then prevailing common dividend yield. However, should CNH achieve certain defined financial performance measures, the annual dividend will be fixed at the prevailing common dividend yield, plus an additional 150 basis points. Dividends will be payable annually in arrears, subject to certain provisions that allow for a deferral for a period not to exceed five consecutive years. The Series A Preferred Stock has a liquidation preference of $250 per share and each share is entitled to one vote on all matters submitted to CNH's shareholders. The Series A Preferred Stock will convert into 100 million CNH common shares at a conversion price of $20 per share automatically if the market price of the common shares, defined as the average of the closing price per share for 30 consecutive trading days, is greater than $24 at any time through and including December 31, 2006 or $21 at any time on or after January 1, 2007, subject to anti-dilution adjustment. In the event of dissolution or liquidation whatever remains of the company's equity, after all its debts have been discharged, will first be applied to distribute to the holders of the Series A Preferred Stock, the nominal amount of their preference shares and thereafter the amount of the share premium reserve relating to the Series A Preferred Stock. Any remaining assets will be distributed to the holders of common shares in proportion to the aggregate nominal amount of their common shares.

Effective January 31, 2003, the Company began providing matching contributions to the CNH Salaried Plan and the CNH Hourly Plan in the form of CNH common shares rather than cash. This change affects all CNH U.S. employees eligible to contribute to this plan who receive a company-provided match on a portion of their elective deferrals.

In June 2002, CNH completed a public offering of 10 million shares of common stock. In July 2002, the underwriters exercised their over-allotment option for 700,000 additional shares. The offering was priced at $20.00 per share. Net proceeds after offering costs were approximately $201 million. Concurrent with this offering, Fiat, CNH's majority shareholder, exchanged $1.3 billion of CNH debt for 65 million common shares, equal to $1.3 billion divided by the public offering price of $20.00.

As of December 31, 2003, CNH has 132,913,714 common shares issued, of which 132,797,008 shares were outstanding while 116,706 shares were held by CNH as treasury shares. As of this same date, CNH has 8 million shares of Series A Preferred Stock issued and outstanding.

Notes to Consolidated Financial Statements

During the years ended December 31, 2003, 2002 and 2001, changes in CNH common shares, and CNH Series A Preference Shares issued were as follows:

	COMMON SHARES			SERIES A PREFERENCE SHARES		
	2003	2002	2001	2003	2002	2001
(IN THOUSANDS)						
Issued as of beginning of year	131,238	55,537	55,537	—	—	—
Issuances of CNH Common Shares:	—	—	—	—	—	—
Contributions to CNH benefit plans	1,463	—	—	—	—	—
Restricted shares issued under the equity incentive plan	207	—	—	—	—	—
Public offering	—	10,700	—	—	—	—
Fiat conversion of debt to equity	—	65,000	—	—	—	—
Stock-based compensation for directors	6	1	—	—	—	—
Issuance of CNH Series A Preferred Stock	—	—	—	8,000	—	—
Issued as of end of year	132,914	131,238	55,537	8,000	—	—

During 2003, dividends of $0.25 per common share, totaling $33 million, were declared and paid. Dividends of $0.50 per common share, totaling $28 million, were declared and paid during 2002, prior to the June and July equity transactions noted above. During 2001, dividends of $0.50 per common share, totaling $28 million, were declared and paid.

Note 19: Option and Incentive Plans

CNH Directors' Plan The CNH Global N.V. Outside Directors' Compensation Plan ("CNH Directors' Plan") as amended provides for (1) the payment of an annual retainer fee of $40,000 and committee chair fee of $5,000 (collectively, the "Annual Fees") to independent outside members of the Board in the form of common shares of CNH; (2) an annual grant of 20,000 options to purchase common shares of CNH that vest on the third anniversary of the grant date ("Annual Automatic Stock Option"); (3) an opportunity to receive up to 50% of their Annual Fees in cash; (4) an opportunity to convert all or a portion of their Annual Fees into stock options; and (5) on May 8, 2003, each outside director received a one time grant of an amount of options equal to 20% of the annual Automatic Stock Options and 15% of the elective stock options each outside director was granted prior to May 6, 2002. The exercise prices of all options granted under the CNH Directors' Plan are equal to or greater than the fair market value of CNH common shares on the respective grant dates. Each of our outside directors is paid a fee of $1,250 plus expenses for each Board of Director and committee meeting attended. The CNH Directors' Plan was established in 1999 and subsequently amended in 2001 and 2003. In 2001 and 2002, independent outside directors received an Annual Fee of $35,000 and Annual Automatic Stock Options for 4,000 common shares. At December 31, 2003, there were 200,000 common shares reserved for issuance under this plan. As of December 31, 2003, there were 49,964 common shares remaining available for issuance under the CNH Directors' Plan.

The following table reflects option activity under the CNH Directors' Plan for the years ended December 31, 2003, 2002 and 2001:

	2003		2002		2001	
	SHARES	EXERCISE PRICE*	SHARES	EXERCISE PRICE*	SHARES	EXERCISE PRICE*
Outstanding at beginning of year	82,464	$ 33.10	48,314	$ 42.00	24,151	$ 59.25
Granted	60,036	10.28	39,322	21.35	28,456	30.20
Forfeited	—	—	(5,172)	29.35	(4,293)	60.45
Outstanding at end of year	142,500	22.76	82,464	33.10	48,314	42.00
Exercisable at end of year	95,009	25.68	61,954	31.80	31,814	31.80

*Weighted-average

The following table summarizes outstanding stock options under the CNH Directors' Plan at December 31, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	SHARES OUTSTANDING	CONTRACTUAL LIFE*	EXERCISE PRICE*	SHARES EXERCISABLE	EXERCISE PRICE*
$9.15 - $26.20	97,984	9.0	$ 13.52	55,460	$ 13.47
$26.21 - $40.00	24,657	7.4	30.31	19,690	30.39
$40.01 - $56.00	5,882	6.8	49.31	5,882	49.31
$56.01 - $77.05	13,977	6.3	63.04	13,977	63.04

*Weighted-average

CNH Equity Incentive Plan As amended, the CNH Equity Incentive Plan (the "CNH EIP") provides for grants of various types of awards to officers and employees of CNH and its subsidiaries. There are 5,600,000 common shares reserved for issuance under this plan. Certain options vest ratably over four years from the award date, while certain performance-based options vest subject to the attainment of specified performance criteria but no later than seven years from the award date. All options expire after ten years. Except as noted below, the exercise prices of all options granted under the CNH EIP are equal to or greater than the fair market value of CNH common shares on the respective grant dates. During 2001, CNH granted stock options with an exercise price less than the quoted market price of CNH stock at the date of grant. The 2001 exercise price was based upon the average official price on the New York Stock Exchange during the thirty-day period preceding the date of grant. The $3,729,600 of compensation cost related to the 2001 award has been deferred and is being charged to expense over the four-year service period of the related options. As of December 31, 2003, there were 2,611,254 common shares available for issuance under the CNH EIP.

The following table reflects option activity under the CNH EIP for the years ended December 31, 2003, 2002 and 2001:

	2003		2002		2001	
	SHARES	EXERCISE PRICE*	SHARES	EXERCISE PRICE*	SHARES	EXERCISE PRICE*
Outstanding at beginning of year	3,219,995	$ 34.35	1,907,182	$ 48.65	1,040,387	$ 68.85
Granted	—	—	1,424,140	16.20	1,065,600	31.70
Forfeited	(503,153)	41.97	(111,327)	46.60	(198,805)	63.75
Outstanding at end of year	**2,716,842**	**32.94**	3,219,995	34.35	1,907,182	48.65
Exercisable at end of year	**1,216,093**	**42.43**	774,780	57.10	355,585	68.85

*Weighted-average

The following table summarizes outstanding stock options under the CNH Equity Incentive Plan at December 31, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	SHARES OUTSTANDING	CONTRACTUAL LIFE*	EXERCISE PRICE*	SHARES EXERCISABLE	EXERCISE PRICE*
$15.20 - $26.20	1,275,215	8.6	$ 16.18	320,284	$ 16.18
$26.21 - $40.00	818,600	7.6	31.70	410,800	31.70
$40.01 - $77.05	623,027	6.1	68.85	485,009	68.85

*Weighted-average

Under the CNH EIP, shares may also be granted as restricted shares. CNH establishes the period of restriction for each award and holds the stock during the restriction period. Certain restricted shares vest over time, while certain performance-based restricted shares vest subject to the attainment of specified performance criteria. Such performance-based restricted shares vest no later than seven years from the award date.

CNH maintains a management bonus program that links a portion of the compensation paid to senior executives to our achievement of financial performance criteria specified by the Nominating and Compensation Committee of the CNH Board of Directors. Effective for the 2002 plan year only, a special incentive plan (the "2002 Special Incentive Program") was approved which provides a grant of restricted stock to certain senior executives upon meeting a specified financial position target. The 2002 Special Incentive Program is administered under the CNH EIP. Since the specified target was achieved we issued 207,215 restricted shares under the program in 2003, which will vest in March 2004. Additionally, for individuals electing not to take the restricted stock earned under the 2002 Special Incentive Program, CNH agreed to issue an equivalent number of common shares if the individual remained employed by CNH as of the vesting date for the restricted shares issued to other participants in the 2002 Special Incentive Program. No restricted shares were awarded during 2002 and 2001. At December 31, 2003, restricted common shares outstanding under the EIP, including the 2002 Special Incentive Program, totaled 209,783 shares.

Beginning in 2004 awards granted under the EIP will be subject to the achievement of certain performance criteria over a 3-year period, as defined by the Nominating and Compensation Committee of our Board of Directors. Under this program, earned awards will be satisfied equally with cash and CNH common shares.

Notes to Consolidated Financial Statements

Fiat Stock Option Program Certain employees of CNH are eligible to participate in stock option plans of Fiat ("Fiat Plans") whereby participants are granted options to purchase ordinary shares of Fiat ("Fiat Shares"). A summary of options under the Fiat Plans as of December 31, 2003 follows:

		EXERCISE PRICE		OPTIONS					
DATE OF GRANT	DATE OF GRANT SHARE PRICE	ORIGINAL	CURRENT	GRANTED	TRANSFERS	FORFEITURES	EXERCISES	OUTSTANDING	EXERCISABLE
3/30/1999	€ 29.38	€ 28.45	€ 26.12	53,300	24,900	(18,400)	—	59,800	59,800
2/18/2000	33.00	30.63	28.12	102,500	72,000	(8,000)	—	166,500	124,875
2/27/2001	26.77	27.07	24.85	50,000	30,000	—	—	80,000	40,000
10/31/2001	18.06	18.00	16.52	249,000	83,000	(41,000)	—	291,000	145,500
9/12/2002	11.88	11.16	10.39	513,000	78,000	(36,000)	—	555,000	138,750

The original exercise prices, which were determined by an average of the price of Fiat Shares on the Italian Stock Exchange prior to grant, were subsequently modified by Fiat. The options vest ratably over a four year period. No options to purchase Fiat Shares were issued to employees of CNH during 2003. All options under the Fiat Plans expire eight years after the grant date. The fair value of these options did not result in a material amount of compensation expense.

SFAS No. 123 Disclosure For 2003, CNH adopted the Prospective Method of accounting for stock options under SFAS No. 148. The Prospective Method requires the recognition of expense for options granted, modified or settled since January 1, 2003. CNH has retained the intrinsic value method of accounting for stock-based compensation in accordance with APB No. 25 for options issued prior to January 1, 2003. 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 for the years ended December 31, 2003, 2002 and 2001 were as follows:

	2003	2002	2001
CNH Directors' Plan	$ 5.87	$ 8.95	$ 12.40
CNH EIP	N/A	$ 6.65	$ 14.70

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

	2003		2002		2001	
	DIRECTORS' PLAN	EIP	DIRECTORS' PLAN	EIP	DIRECTORS' PLAN	EIP
Risk-free interest rate	2.7%	N/A	3.9%	3.8%	4.3%	4.1%
Dividend yield	2.1%	N/A	2.4%	2.4%	1.5%	1.5%
Stock price volatility	79.8%	N/A	51.0%	51.0%	47.0%	47.0%
Option life (years)	5.0	N/A	5.0	5.5	5.0	4.5

Pro forma net income (loss) and earnings (loss) per share assuming the fair value of accounting for stock-based compensation as prescribed under SFAS No. 123 is provided in Note 2, "Summary of Significant Accounting Policies."

Note 20: Earnings (Loss) per Share

The following reconciles the numerators and denominators of the basic and diluted earnings per share computations for the years ended December 31, 2003, 2002 and 2001:

(IN MILLIONS, EXCEPT PER SHARE DATA)	2003	2002	2001
Basic			
Net profit (loss)	**$ (157)**	$ (426)	$ (332)
Weighted-average shares outstanding	**132**	97	55
Basic earnings (loss) per share before cumulative effect of change in accounting principle	**$ (1.19)**	$ (1.05)	$ (6.00)
Cumulative effect of change in accounting principle	**—**	(3.35)	—
Basic earnings (loss) per share	**$ (1.19)**	$ (4.40)	$ (6.00)
Diluted			
Net profit (loss)	**$ (157)**	$ (426)	$ (332)
Effect of dilutive securities (when dilutive)	**—**	—	—
Net profit (loss) after adjustment for dilutive conversions	**$ (157)**	$ (426)	$ (332)
Weighted-average shares outstanding — Basic	**132**	97	55
Effect of dilutive securities (when dilutive)	**—**	—	—
Weighted-average shares outstanding — Diluted	**132**	97	55
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	**$ (1.19)**	$ (1.05)	$ (6.00)
Cumulative effect of change in accounting principle	**—**	(3.35)	—
Diluted earnings (loss) per share	**$ (1.19)**	$ (4.40)	$ (6.00)

Stock options to purchase approximately 2.9 million, 3.3 million and 2.0 million shares during 2003, 2002 and 2001, respectively, were outstanding but not included in the calculation of diluted loss per share as the impact of these options would have been anti-dilutive.

Note 21: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) as of December 31, 2003 and 2002 are as follows:

(IN MILLIONS)	2003	2002
Cumulative translation adjustment	**$ (156)**	$ (419)
Minimum pension liability adjustment, net of taxes ($222 and $223, respectively)	**(398)**	(397)
Deferred gains (losses) on derivative financial instruments, net of taxes ($7 and $16, respectively)	**(5)**	(19)
Unrealized gain on available for sale securities, net of taxes ($13 and $0, respectively)	**20**	—
Total	**$ (539)**	$ (835)

Note 22: 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 2001 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.

Notes to Consolidated Financial Statements

Financial Services The financial services segment is engaged in broad-based financial services for the global marketplace through various wholly owned subsidiaries and joint ventures in North America, Latin America, Europe, Australia and Asia Pacific. CNH provides and administers retail financing to end-use customers for the purchase or lease of new and used CNH and other agricultural and construction equipment sold by CNH dealers and distributors. CNH also facilitates the sale of insurance products and other financing programs to retail customers. In addition, CNH provides wholesale financing to CNH dealers and rental equipment operators, as well as financing options to dealers to finance working capital, real estate and other fixed assets and maintenance equipment in connection with their operations.

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 (loss) of Equipment Operations before interest expense, taxes and restructuring and other merger related costs, including the income of Financial Services on an equity basis. Transfers between segments are accounted for at market value. Additionally, Fiat evaluates CNH's performance based on results of operations computed using accounting principles followed by Fiat. Results of operations computed using accounting principles followed by Fiat excludes, among other things, minority interest, provision (benefit) for income taxes, restructuring charges, net financial expense and equity in (income) loss of unconsolidated subsidiaries and affiliates.

CNH's reportable segments are strategic business units that offer different products and services. Each segment is managed separately.

A reconciliation of net income (loss) under U.S. GAAP to results of operations under accounting principles followed by Fiat as well as CNH's results of operations by segment and depreciation and amortization in accordance with accounting principles followed by Fiat for the years ended December 31, 2003, 2002 and 2001 are set forth in the following table:

(IN MILLIONS)	2003	2002	2001
Reconciliation of net income (loss) per U.S. GAAP to results of operations reported to Fiat:			
Net loss per US GAAP	$ (157)	$ (426)	$ (332)
Adjustments to convert from US GAAP to accounting principles followed by Fiat:			
Cumulative effect of change in accounting principle, net of tax	—	325	—
Amortization of goodwill and other intangibles	(166)	(158)	(45)
Restructuring charge	111	34	34
Other	(12)	17	78
Net loss per accounting principles followed by Fiat	(224)	(208)	(265)
Reconciliation of net loss per accounting principles followed by Fiat to results of operations:			
Minority interest	7	8	5
Income tax provision (benefit)	(25)	(35)	(105)
Restructuring charge	160	17	70
Net financial expense	354	390	474
Equity in (income) loss of unconsolidated subsidiaries and affiliates	(13)	(16)	9
Other non-operating income	—	(2)	—
Results of operations as defined by Fiat	$ 259	$ 154	$ 188
Results of operations by segment:			
Agricultural equipment	$ 181	$ 201	$ 105
Construction equipment	(78)	(159)	13
Financial services	163	122	93
Eliminations	(7)	(10)	(23)
Results of operations	$ 259	$ 154	$ 188
Depreciation and amortization:			
Agricultural equipment	$ 279	$ 261	$ 238
Construction equipment	121	124	126
Financial services	108	126	105
Total	$ 508	$ 511	$ 469

A summary of additional reportable segment information, compiled under U.S. GAAP, for the years ended December 31, 2003, 2002 and 2001 is as follows:

(IN MILLIONS)	2003	2002	2001
Revenues:			
Net sales:			
Agricultural equipment	$ 7,125	$ 6,405	$ 6,073
Construction equipment	2,944	2,926	2,957
Total net sales	10,069	9,331	9,030
External financial services	597	609	685
Intersegment financial services	24	32	54
Eliminations	(24)	(32)	(54)
Total	$10,666	$ 9,940	$ 9,715
Investments in unconsolidated subsidiaries and affiliates (at the end of year):			
Agricultural equipment	$ 186	$ 184	$ 169
Construction equipment	178	144	66
Financial services	65	47	31
Total	$ 429	$ 375	$ 266
Depreciation and amortization:			
Agricultural equipment	$ 176	$ 161	$ 232
Construction equipment	70	67	87
Financial services	100	118	105
Total	$ 346	$ 346	$ 424
Segment assets (at the end of year):			
Agricultural equipment	$ 7,735	$ 6,380	$ 6,410
Construction equipment	3,750	3,430	2,893
Financial services	5,118	5,875	6,352
Eliminations and other	2,058	1,075	1,557
Total	$18,661	$16,760	$17,212
Expenditures for additions to long-lived assets*:			
Agricultural equipment	$ 152	$ 198	$ 160
Construction equipment	40	39	61
Financial services	53	170	330
Total	$ 245	$ 407	$ 551

*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)	UNITED STATES	CANADA	UNITED KINGDOM	ITALY	BELGIUM	OTHER	TOTAL
At December 31, 2003, and for the year then ended:							
Total revenues	$ 4,036	$ 701	$ 1,594	$ 2,116	$ 942	$ 1,277	$10,666
Long-lived assets*	$ 880	$ 94	$ 139	$ 268	$ 151	$ 349	$ 1,881
At December 31, 2002, and for the year then ended:							
Total revenues	$ 4,073	$ 659	$ 1,343	$ 1,717	$ 772	$ 1,376	$ 9,940
Long-lived assets*	$ 1,091	$ 93	$ 116	$ 224	$ 126	$ 343	$ 1,993
At December 31, 2001, and for the year then ended:							
Total revenues	$ 4,156	$ 606	$ 1,276	$ 1,636	$ 665	$ 1,376	$ 9,715
Long-lived assets*	$ 1,166	$ 103	$ 88	$ 190	$ 89	$ 330	$ 1,966

*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.

Note 23: Related Party Information

On April 7 and 8, 2003, CNH issued a total of 8 million shares of Series A Preferred Stock to Fiat and an affiliate of Fiat in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies.

In June 2002, Fiat, CNH's majority shareholder, exchanged $1.3 billion of CNH debt for 65 million common shares, equal to $1.3 billion divided by $20.00 per share, which was the price per share at which CNH sold 10 million shares in its concurrent public offering.

CNH continues to rely on Fiat to provide either guarantees or funding in connection with some of our external debt financing needs. At December 31, 2003, outstanding debt with Fiat and its affiliates was approximately 35% of CNH total debt, compared with 50% at December 31, 2002. Fiat guarantees $1.4 billion of CNH debt with third parties or approximately 20% of CNH's outstanding debt. CNH pays Fiat a guarantee fee based on

the average amount outstanding under facilities guaranteed by Fiat. In 2003, CNH paid a guarantee fee of between 0.03125% per annum and 0.0625% per annum while in 2002 the guarantee fee ranged between 0.03125% and 0.125% per annum and 2001 guarantee fees were between 0.0625% and 0.125% per annum. Fiat has agreed to maintain its existing treasury and debt financing arrangements with us for as long as it maintains control of CNH and, in any event, at least until December 31, 2004. After that time, Fiat has committed that it will not terminate our access to these financing arrangements without affording us an appropriate time period to develop suitable substitutes. The terms of any alternative sources of financing may not be as favorable as those provided or facilitated by Fiat. See Note 10, "Short-Term Debt" and Note 11, "Long-Term Debt" for further information regarding financing with Fiat.

CNH participates in a cash management system with other members of the Fiat Group. Under this system, which is operated by Fiat in a number of jurisdictions, the cash balances of Fiat Group members, including CNH, are aggregated at the end of each business day to a central pooling account. Our positive cash balances, if any, at the end of any given business day may be applied by Fiat to offset negative balances of other Fiat Group members and vice versa. Alternatively, in certain other jurisdictions where cash balances are not aggregated daily, third-party lenders to other participating Fiat Group members may be entitled to rights to set off against Fiat Group member funds present in the cash management pool or may benefit from guarantees of payment by certain Fiat Group members. As a result, we are exposed to Fiat Group credit risk to the extent that Fiat is unable to return any such offset amounts at the beginning of the following business day, and in the event of a bankruptcy or insolvency of Fiat (or any other Fiat Group member in the jurisdictions with set off agreements) we may be unable to secure the return of such funds to the extent they belong to us, and we may be viewed as a creditor of such Fiat entity with respect to such funds.

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 and internal audit, cash management, maintenance of plant and equipment, research and development, information systems and training. CNH sells certain products to subsidiaries and affiliates of Fiat. In addition, we enter into hedging arrangements with counterparties that are members of the Fiat Group.

CNH's principal purchases of goods from Fiat and its affiliates include diesel engines from Iveco N.V., robotic equipment and paint systems from Comau Pico Holdings Corporation, dump trucks from Astra V.I. S.p.A., and castings from Teksid. CNH also purchases tractors from its Mexican joint venture for resale in the United States.

Fiat has executed, on behalf of CNH, certain foreign exchange and interest rate-related contracts. As of December 31, 2003, CNH and its subsidiaries were parties to derivative or other financial instruments having an aggregate contract value of $977 million as of December 31, 2003 and $334 million as of December 31, 2002, to which affiliates of Fiat were counterparties.

Fiat provides accounting services to CNH in Europe and Brazil through an affiliate that uses shared service centers to provide such services at competitive costs to various Fiat companies and third party customers. Fiat provides internal audit services at the direction of CNH's internal audit department in certain locations where it is more cost effective to use existing Fiat resources. Routine maintenance of our plants and facilities in Europe is provided by a Fiat affiliate skilled in such work that also provides similar services to third parties. CNH purchases network and hardware support from and outsources a portion of its information services to a joint venture that Fiat has formed with IBM. Fiat also provides training services through an affiliate that is skilled at providing employee training. CNH uses a broker that is an affiliate of Fiat to purchase a portion of its insurance coverage. CNH purchases research and development from an Italian joint venture set up by Fiat and owned by various Fiat subsidiaries. This joint venture benefits from Italian government incentives granted to promote work in the less developed areas of Italy.

Additionally, CNH participates in the stock option program of Fiat as described in Note 19, "Option and Incentive Plans."

The following table summarizes CNH's sales, purchases, and finance income with Fiat and affiliates of Fiat, CNH dealer development companies and joint ventures that are not already separately reflected in the Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001:

(IN MILLIONS)	2003	2002	2001
Sales of equipment	$ 6	$ 7	$ 13
Sales to affiliated companies and joint ventures	179	183	199
Total sales to affiliates	**$ 185**	$ 190	$ 212
Purchase of materials, production parts, merchandise and services	**$ 584**	$ 416	$ 239
Finance and interest income	**$ 25**	$ 40	$ 31
Interest expense	**$ 113**	$ 236	$ 358

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

Note 24: Subsequent Event

The Board of Directors of CNH recommended a dividend of $0.25 per common share on March 19, 2004. The dividend will be payable on May 25, 2004 to shareholders of record at the close of business on May 18, 2004. Declaration of the dividend is subject to approval of the shareholders at the Annual General Meeting, which will be held on April 26, 2004.

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

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this report, including statements regarding our competitive strengths, business strategy, future financial position, budgets, projected costs and plans and objectives of management, are forward-looking statements. These statements may include terminology such as "may," "will," "expect," "should," "intend," "estimate," "anticipate," "believe," "continue," "on track," or similar technology.

Our outlook is predominantly based on our interpretation of what we consider key economic assumptions and involves risks and uncertainties that could cause actual results to differ. 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 us include general economic and capital market conditions, the cyclical nature of our business, customer buying patterns and preferences, foreign currency exchange rate movements, our hedging practices, our and our customers' access to credit, actions by rating agencies, political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), technological difficulties, results of our research and development activities, changes in environmental laws, employee and labor relations, pension and health care costs, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm programs and consumer confidence, housing starts and construction activity, concerns related to modified organisms and fuel and fertilizer costs. Additionally, our achievement of the anticipated benefits of our profit improvement initiatives depends upon, among other things, industry volumes as well as our ability to effectively rationalize operations and to execute our multiple brand strategy. Further information concerning factors that could significantly affect expected results are included in this Form 20-F for the year ended December 31, 2003.

We can give no assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by the factors we disclose that could cause our actual results to differ materially from our expectations. We undertake no obligation to update or revise publicly any forward-looking statements.

Footnotes to Financial Highlights

1 Adjusted EBITDA means Equipment Operations net income (loss) before cumulative effect of change in accounting principle, net of tax, excluding (i) net interest expense, (ii) income tax provision (benefit) (iii) depreciation and amortization and (iv) restructuring and other merger related costs. Net interest expense for equipment operations means (i) interest expense (excluding interest compensation to Financial Services) less (ii) finance and interest income.

We believe that Adjusted EBITDA is a measure commonly used by financial analysts because of its usefulness in evaluating operating performance. Adjusted EBITDA does not represent cash flows from operations as defined by U.S. GAAP, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered an alternative to net income or net cash provided (used) by operating activities under U.S. GAAP for purposes of evaluating results of operations and cash flows.

The following table reconciles equipment operations net cash provided (used) by operating activities, the U.S. GAAP financial measure which we believe to be most comparable, to adjusted EBITDA.

	YEAR ENDED DECEMBER 31,			
EQUIPMENT OPERATIONS	2000	2001	2002	**2003**
Net cash provided (used) by operating activities	$ 285	$(468)	$ 485	**$ 66**
Net interest expense:				
Interest expense — Fiat affiliates	257	308	198	**85**
Interest expense — other	186	178	192	**236**
Less: Finance and interest income	68	149	100	**83**
Net interest expense	375	337	290	**238**
Income tax provision (benefit)	(159)	(105)	(48)	**(97)**
Restructuring and other merger related costs:				
Equipment Operations	157	97	50	**268**
Financial Services	—	7	1	**3**
Change in other operating activities	(330)	455	(358)	**23**
Adjusted EBITDA	$ 328	$ 323	$ 420	**$ 501**

2 Equipment Operations net debt is defined as debt net of cash and cash equivalents and intersegment notes receivable. We believe that net debt, as defined, is a useful analytical tool for measuring our effective borrowing requirements, excluding our intersegment Notes Receivable from Financial Services and the effect of certain of our cash management practices.

	DECEMBER 31,			
EQUIPMENT OPERATIONS	2000	2001	2002	**2003**
Short-Term Debt				
Fiat Affiliates	$ 1,568	$ 1,373	$ 817	**$ 403**
Other	961	670	1,067	**1,119**
Intersegment	195	344	354	**—**
Total	2,724	2,387	2,238	**1,522**
Long-Term Debt*				
Fiat Affiliates	2,133	3,619	2,432	**1,380**
Other	933	1,237	1,106	**1,813**
Intersegment	—	—	—	**—**
Total	3,066	4,856	3,538	**3,193**
Total Debt:				
Fiat Affiliates	3,701	4,992	3,249	**1,783**
Other	1,894	1,907	2,173	**2,932**
Intersegment	195	344	354	**—**
Total	5,790	7,243	5,776	**4,715**
Less:				
Cash & Cash Equivalents	593	378	469	**1,801**
Intersegment Notes Receivable	590	1,636	1,783	**1,012**
Net Debt	$ 4,607	$ 5,229	$ 3,524	**$ 1,902**
Equity	$ 2,514	$ 1,909	$ 2,761	**$ 4,874**
Net Debt to Net Capitalization	65%	73%	56%	**28%**

*Includes current maturities

Corporate Data

Board of Directors (as of April 26, 2004)

Katherine M. Hudson	*Director and Chairman*
Alfredo Diana	*Director*
Luigi Gubitosi	*Director*
Edward A. Hiler	*Director*
Kenneth Lipper	*Director*
Paolo Monferino	*Director, President and Chief Executive Officer*
Giuseppe Morchio	*Director*
Michael E. Murphy	*Director*
James L.C. Provan	*Director*
Eugenio Razelli	*Director*
Luciano Soldi	*Director*

Officers

Michel Lecomte	*Chief Financial Officer*
Roland Sundén	*President, Agricultural Equipment Business*
Harold D. Boyanovsky	*President, Construction Equipment Business*
Mario Ferla	*President of CNH Capital Corporation*
Roberto Miotto	*Senior Vice President, General Counsel and Secretary*
Giovanni B. Ravina	*Senior Vice President, Human Resources*
William J. McGrane III	*Vice President, Corporate Controller*

Audit Committee (as of April 26, 2004)

Michael E. Murphy	*Chairman*
Katherine M. Hudson	*Member*
Alfedo Diana	*Member*
James L.C. Provan	*Member*

Corporate Offices

The registered offices of the Company are located at:

CNH Global N.V.
World Trade Center
Amsterdam Airport
Schiphol Boulevard 217
1118 BH Schiphol Airport
Amsterdam
The Netherlands

CNH Global N.V. also maintains Management Offices at:

100 South Saunders Road
Lake Forest, Illinois 60045
USA
Tel: +1 847 735-9200
Fax: +1 847 955-4923
Email: contact@cnh.com

CNH Manufacturing and Sales Locations

CNH employs about 26,800 people located in Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, France, Germany, India, Italy, Japan, Mexico, Pakistan, Poland, Portugal, Russia, Singapore, Spain, Switzerland, The Netherlands, Turkey, Ukraine, United Kingdom, United States, Uzbekistan

Primary Photography: Daniele Fiore Design: Edelman Design Communications Editorial: Edelman Reputation Management

Investor Information

Annual Meeting

The Annual Meeting of Stockholders will be held at 9 a.m. on April 26, 2004 at the Company's offices in the World Trade Center, 10th floor, Tower B, Amsterdam Airport, The Netherlands.

Form 20-F and Investor Relations

From May 2004, stockholders may obtain, upon written request, a copy of the Form 20-F filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2003. Such requests, as well as other inquiries of an investor relations nature, should be addressed to:

Albert S. Trefts Jr.
CNH Global N.V.
100 South Saunders Road
Lake Forest, Illinois 60045
USA
Tel: +1 847 955-3821
Fax: +1 847 955-3961
E-mail address: albert.trefts@cnh.com

Requests may also be addressed to:

Taylor Rafferty Associates, Inc.
205 Lexington Avenue
New York, New York 10016-6022
USA
Tel: +1 212 889-4350
Fax: +1 212 683-2614

Stock Exchange

Common shares of CNH Global N.V. have been listed on the New York Stock Exchange under the symbol "CNH" since November 12, 1999.

Shareholder Services — Dividend Reinvestment Plan

First time purchasers and existing shareholders may build their investment in the Company through the JPMorgan website at www.adr.com or call the toll free number or write to:

Global Invest Direct
JPMorgan Chase Bank
P.O. Box 43013
Providence, Rhode Island 02940-3013 USA
adr@jpmorgan.com
JPMorgan Chase Bank Service Center Phone:
toll free inside USA: +1 800 428-4237
from outside USA: +1 781 575-4328
8:30 a.m. — 6:00 p.m. Eastern Standard Time (USA)

Registrar and Transfer Agent

Communications regarding lost, stolen or destroyed stock certificates or dividend checks, and changes of address should be directed, in writing, to:

JPMorgan Chase Bank
P.O. Box 43013
Providence, Rhode Island 02940-3013 USA
adr@jpmorgan.com

Main Corporate Documents Publication Dates

Form 20-F 2003	*April 2004*
Annual Report 2003	*May 2004*
First Quarter 2004 Interim Report	*April 2004*
Second Quarter 2004 Interim Report	*July 2004*
Third Quarter 2004 Interim Report	*October 2004*

Auditors

Deloitte & Touche LLP

For a discussion of how our corporate governance practices under Dutch law differ from U.S. domestic issuers on the NYSE, please go to our website at www.cnh.com.

CNH GLOBAL N.V.
100 South Saunders Road
Lake Forest, Illinois 60045 USA
www.cnh.com