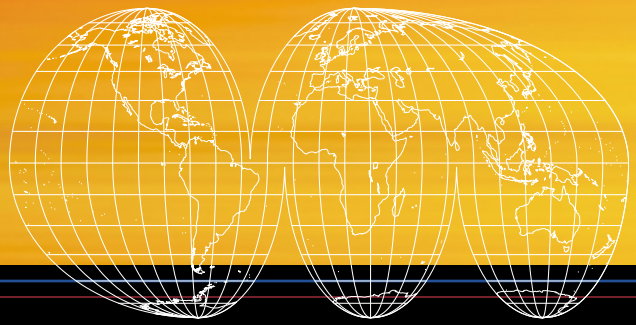


driving

CNH GLOBAL >> >

2001 ANNUAL REPORT

2001 NET REVENUES OF EQUIPMENT
(IN US $ MILLIONS)

North America	4,197
Western Europe	587
Latin America	3,168
Rest of the World	1,078

2001 NET REVENUES BY BUSINESS
(IN US $ MILLIONS)

Agricultural Equipment	6,100
Construction Equipment	2,900
Financial Services	700

FINANCIAL HIGHLIGHTS	CONSOLIDATED		
	ACTUAL 2001	ACTUAL 2000	PROFORMA 1999
(IN MILLIONS EXCEPT PER SHARE AMOUNTS)			
Consolidated Revenues	$ 9,715	$ 10,041	$ 10,673
Operating Earnings*	$ 245	$ 159	$ 189
EBITDA*	$ 467	$ 338	$ 569
Basic Earnings (Loss) per share	$ (1.20)	$ (1.79)	$ (1.26)
Basic Weighted average shares outstanding	277	213	149

* NOTES: Operating Earnings and EBITDA on an Equipment Operations Basis

➡ CNH GLOBAL is the 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 28,127 worldwide in more than 160 countries and has 11,700 dealers around the globe.

CNH GLOBAL REPRESENTS A FAMILY OF COMPLEMENTARY BRANDS THAT HAVE SHAPED THE HISTORY OF AGRICULTURAL AND CONSTRUCTION EQUIPMENT. WE WILL CONTINUE TO DRIVE SUCCESS FOR OUR CUSTOMERS, DEALERS AND BRANDS WORLDWIDE.

let's go

– *PAOLO MONFERINO*
President and Chief Executive Officer

➡ *WE STRENGTHENED OUR BRANDS AND DEMONSTRATED INNOVATION WITH 101 NEW OR ENHANCED PRODUCTS.*

➡ *WE INCREASED SHARE OR UNITS IN VIRTUALLY EVERY AGRICULTURAL MARKET.*

➡ *PROCESS REENGINEERING AND MANUFACTURING RATIONALIZATION SUPPORTED OUR CENTERS OF EXCELLENCE.*

CNH Global Overview

➡ Our tradition of providing our customers with high-quality, innovative products extends back through the years, a distinguished history associated with our two global brand families: Case and New Holland. The spirit of both brands is alive and well today. Whether for farmers cultivating the land or construction workers building for the future, our goal is to provide our customers with equipment solutions designed to meet their individual preferences and unique business requirements. We have the right products for our customers – the products with features and applications our customers want and need that are unmatched in the industry.

CNH's multi-brand, multi-distribution strategy enables us to enhance the character of each brand and distribution network, while simultaneously combining the inherent knowledge, resources and strengths of the Case and New Holland organizations. The results of this strategy can be seen in our ability to build on existing brand loyalties, while at the same time streamlining our operations to achieve new efficiencies.

In 2001, CNH and its customers began to realize the positive results of this strategy. With the introduction of the Case IH STX and New Holland TJ tractors, we proved that the development of distinct, innovative products using common components in a single platform is possible. Each tractor reinforces its own personality, features and functional characteristics that define the Case IH and New Holland brands, while the use of shared components and platforms holds the potential for substantial long-term savings in manufacturing, purchasing and logistics.

Last year we concentrated design, R&D and manufacturing operations into global Centers of Excellence. Each Center fosters an environment in which it can focus its knowledge, expertise and resources. Through this focus, we ensure delivery of the highest quality products to our customers, providing continuous improvements in technology, applications and scheduling.

The major customer benefit of our Centers of Excellence is to put our people and our products closer to the ultimate end users who deal with the most demanding environments and conditions. For example, the production of large, high horsepower tractors is centered in Fargo, North Dakota, in the heart of the upper Midwest, where cash grain farming is predominant. Backhoe loaders destined for markets in the Americas are designed exclusively at our plant in Burlington, Nebraska, whereas backhoes destined for European markets are produced in Imola, Italy.

➡ *WE IMPROVED PROGRAMS THAT UNDERSCORE CUSTOMER SATISFACTION.*

➡ *MAJOR ALLIANCES IN JAPAN AND CHINA ENHANCED OUR WORLDWIDE CAPABILITIES IN BOTH OUR CORE BUSINESSES.*

➡ *CNH CAPITAL FINANCIAL SERVICES HAS BEEN STREAMLINED TO BETTER ADDRESS OUR CUSTOMERS AND DEALERS.*

Also playing a critical role in meeting the needs of our customers are CNH Capital, parts support, and after sales service. This past year, we took the challenging but necessary step of refocusing the efforts of CNH Capital to concentrate exclusively on the needs of our dealers and customers. This allows us to improve our competitive position and gives us the ability to provide dealers and customers with more flexible financing programs. New after sales support programs, including the introduction of CNH Original Parts to our profitable lines of Case and New Holland parts, have been designed with customer and dealer satisfaction and productivity foremost in mind.

From an operations standpoint, we recognize the need to improve profitability and many successes are being realized through our aggressive efforts. We are reengineering and rationalizing manufacturing operations to maintain the most efficient operations. In the past two years, we have realized $433 million (U.S.) in profit improvements by creating greater synergy from our merged companies. This puts us ahead of schedule toward reaching our goal of $600 million (U.S.) in merger-related improvements. We also have streamlined purchasing functions and reduced legal entities from 247 to 195 worldwide, creating better operations efficiency and the most appropriate matching of systems with operations.

Overall, our strategies are driven by our customer emphasis and our long-term plan that builds on our strong market positions and funds innovation through savings created by cutting costs. This approach will grow our businesses through managing our brands, leading the industry in innovation and developing new alliances that assure customer satisfaction. For all of our brands, we are strengthening our global leadership position in our core markets and expanding our geographic reach by entering new ones – Russia, China and Japan. We are introducing new products, enhancing existing technologies and adding desirable features.

The shared traditions of our brands manifest themselves in our work every day. We want to delight our customers, demonstrating that they are justified in giving us their trust and loyalty. We are already achieving success in realizing our goals as we build something more than machines. We're building a more responsive and flexible company that will continue its growth by adhering to its long-term goals.


driving . . .


CASE IH
production


driving


NEW HOLLAND
innovation

Agricultural Equipment

➡ Our multi-brand, multi-distribution strategy is the core of our success in the agricultural equipment business. Drawing upon the respective strengths and reputations of our global Case IH and New Holland brands, we offer two of the best-known and highly respected names in agriculture.

We have the best global balance in the industry, both in terms of products and geographic reach. From Fargo, North Dakota, to Shanghai, China, we manufacture and sell equipment designed to meet the specific needs of our highly diversified customer base. We offer high-horsepower four-wheel-drive tractors and smaller, yet sophisticated models for row crop and general purpose use. From tractors to tillage/planting equipment to harvesters, we offer products for virtually every application.

With a deeply rooted heritage in Europe and the Americas – and a growing presence in markets of emerging potential – we are the new leader in the industry. There is, however, still room to grow. In 2001, we made improvements in market share, margins, inventories and overhead costs. We also undertook initiatives for growth in new products and expanded markets and improved customer satisfaction to assure our success.

Strong improvements in the North American market supported our efforts, offsetting soft economies in parts of Europe and Latin America. For the year, we continued to lead the industry in the sale of both tractors and combines, selling more than 141,000 tractors and 8,700 combines to our customers worldwide.

2001 NET REVENUES BY GEOGRAPHIC AREA
(IN US $ MILLIONS)

North America	*2,876*
Western Europe	*1,976*
Latin America	*420*
Rest of the World	*807*

Worldwide, CNH market share for tractors grew slightly on increased demand for our products. The better-than-expected turnaround in North America helped us post strong sales of several key products, including Case IH Magnum tractors and large four-wheel-drive tractors. And, despite extremely depressed economic conditions in Argentina, unit sales in Latin America finished up for the year, thanks in part to a strong Brazilian market.

At the German Agritechnica show, the Case IH CVX tractor earned the prestigious “Tractor of the Year,” in addition to taking top prize for its variable transmission and independent front suspension at the FIMA International Exhibit in Saragossa, Spain.

Beyond tractors, CNH’s share of the worldwide market for combines also increased slightly on the strength of both new models and existing products. Specifically designed for a variety of high production farms around the world, the New Holland CX combine harvester, launched this year, created excitement with its innovative features, including an exclusive integrated precision farming system, higher capacity crop processing and a control center designed for maximum ease of operation and operator comfort. The New Holland CX has earned numerous awards across Europe – including a Silver Medal for combine of the year at the German Agritechnica Show and the “Technical Innovation” award at EIMA 2001, the Italian fair – and also won overwhelming acceptance in the marketplace.

Also continuing to show strong customer interest is the legendary Case IH Axial-Flow combine. The Axial-Flow combine marked its 25th anniversary of providing North American farmers with the ultimate in harvesting productivity.

AGRITECHNICA SHOW AWARDS > Germany

The Axial-Flow's quarter century of revolutionary design is a testament to CNH's customer-driven innovation, echoed in all our products today.

This past year also brought about another key validation of our multi-brand strategy, with the launch of the first Case IH and New Holland tractors based on a common platform. Through our global platform strategy we have the ability to produce differentiated models of the Case IH STX Series Steiger and New Holland TJ tractors, with features befitting the character and identity of each brand, while creating new efficiencies in our engineering, design and manufacturing processes. Savings from process reengineering and supplier cost reductions are being reinvested in the key features that meet the requirements of their respective customer bases.

In its debut this year, the New Holland TJ line set 10 records for power and efficiency during tests at the University of Nebraska, including highest drawbar and three-point hitch lift capacity, highest maximum PTO power, torque rise and fuel economy. Additionally, three Case IH STX Series Steiger models, with their higher horsepower, set 17 records in independent tests for performance standards in power, versatility and productivity.

JOINT VENTURE WITH STEC > China

FARM PROGRESS SHOW > United States

In 2001, CNH expanded its global reach by entering into a joint venture with Shanghai Tractor and Internal Combustion Engine Corporation (STEC), giving us entry into a growing market for tractors under 100 horsepower. The relationship makes use of each partner's engineering expertise, distribution networks and local market knowledge. The alliance with STEC gives increased reach and a broader offering to our presence in China, where we already produce tractors over 100 horsepower through our successful joint venture, Harbin New Holland.

We also continue to expand our reach in other parts of the world, by making contributions to the increased mechanization and efficiency of local farms. In places such as Turkey, Uzbekistan and in other parts of the world, both Case IH and New Holland partner with local manufacturers to develop cost-effective equipment suited to the demands of their specific market needs.

To help our growing global network of agricultural equipment dealers with after sales support, we began to introduce ASIST, an Internet diagnostic tool that provides interactive service and technical information. Through ASIST, dealers and service technicians can quickly troubleshoot, repair and maintain the equipment we sell, sharing information with others around the globe and helping to increase customer productivity.

1 number one

- AGRICULTURE EQUIPMENT SALES
- TRACTOR SALES
- COMBINE SALES
- NORTH AMERICAN HAY AND FORAGE SALES

The road ahead for CNH's agricultural operations is clearly marked. We will drive global success by continuing to integrate the organization through synergies that allow us to bring more products to market faster. At the same time, integration will continue to drive down costs. Disciplined brand management and the dedication to meeting the needs of local markets around the world will be hallmarks of our strategy for profitable growth. We will execute our strategy and focus on delivering the ultimate customer experience. We will continue to strengthen our brand positions. Determination. Loyalty. Results. We are already on our way.


CASE
driving


SX455
growth


EW HOLLAND LS160
driving


CASE
CASE
value

Construction Equipment

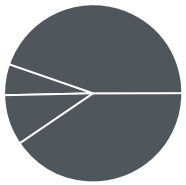
➡ Despite a challenging year for the construction equipment industry, CNH fared better than most of our peers. During 2001, demand for construction equipment took a sharp cyclical downturn, particularly in North America.

Compared to the previous year, total industry volumes in both heavy and light equipment declined worldwide overall. For heavy equipment, the industry decline in North America was greater than the total worldwide. In the light equipment market, North America, while down in volume, declined less than Japan but more than the European market.

While no geographic region could be viewed as a bright spot, CNH's global reach and improved product mix helped to protect our business. In 2001, we continued to lead the industry in unit volumes. We also improved our market share in several key categories, including excavators and other heavy equipment.

Achieving a greater balance between heavy and light equipment is a key part of our strategy moving forward. We proved it is possible to somewhat soften the extremes of the cyclical construction equipment business through global expansion and a balanced, diversified portfolio of products.

In 2001, CNH made significant progress toward establishing our company as a global producer of construction equipment and expanding our heavy equipment operations. In fact, through the increased global reach of our Case and New Holland Construction brands, our share of the heavy equipment market increased in every region in which we do business. In contrast to the industry overall, we gained share despite very difficult market conditions.



2001 NET REVENUES BY GEOGRAPHIC AREA
(IN US $ MILLIONS)

North America	*1,321*
Western Europe	*1,198*
Latin America	*167*
Rest of the World	*271*

Our heavy equipment growth strategy took a major step forward this year through an alliance formed with Kobe Steel, Ltd. and Kobelco Construction Machinery Co., Ltd. for the worldwide marketing, design and production of crawler excavators. This unique relationship will allow CNH to achieve multiple goals through a single alliance: we grow our construction business to become

a global enterprise, strengthen our position in heavy equipment, and have guaranteed access to Japanese excavator technology.

The new global alliance with Kobelco will replace our existing regional alliance in Europe, where excavators will be sold under the new Fiat-Kobelco and Kobelco brands. Additionally, as part of the alliance, Kobelco will become the exclusive distributor of Case and New Holland Construction equipment in the Asia Pacific region, creating increased sales potential for these products through Kobelco's extensive dealer network.

Of course, our continued relationship with Sumitomo further supports our strategy, ensuring operations independent of the alliance between CNH and Kobelco. Sumitomo will continue to supply their excavators to the Case networks in Europe, the Middle East, Africa, the Americas and Australia. Our American joint venture with Sumitomo, LBX, will maintain distribution of Sumitomo excavators via Link-Belt networks.

In light construction equipment, we continue to build on our enviable leadership position. Even in a difficult environment, our share of the worldwide light equipment market held steady for the year, with slight increases in market share in some regions.

CONSTRUCTION EQUIPMENT > *Concept Vehicle*

Further strengthening our global competitive position, CNH introduced 52 new and updated construction equipment models in 2001, including new models of skid steers and backhoes. Validating our customer-focused innovation, four Case equipment product lines were named to *Construction Equipment* magazine's list of Top 100 new products brought to market in 2001. Included on the award list is the line of high performance CX Series excavators, XT Series skid steers and the 621D wheel loader and the industry leading M Series loader/backhoes.

The new Case D Series wheel loaders were recognized for their unique cooling system. An industry first, this Case-exclusive design increases operator productivity and reduces downtime by preventing debris from plugging the coolers and allowing quick cleaning during operation.

In 2001, CNH also demonstrated its commitment to customers and dealers through the implementation of several new initiatives, including enhancements to retail financing programs and the introduction of a new line of CNH Original Parts. This customer orientation also is exemplified in the launch of our new FleetLink system, which provides large contractor customers and rental fleet managers the ability to track the location, last service date and other critical information about machines in their fleet. Presently already

KOBELCO GLOBAL ALLIANCE SIGNED > Japan

BAUMA FAIR > Germany

number one

- CONSTRUCTION EQUIPMENT SALES (UNITS SOLD)
- LIGHT EQUIPMENT SALES
- BACKHOE LOADER SALES

available in North America, a version of the system is expected to be available in Europe during 2002.

In total, we are leading market trends and maintaining steady growth. Our global reach is increasing with strategic alliances such as the Kobelco partnership. Looking forward, although the global construction equipment market will continue to present new challenges and opportunities in the year ahead, we look forward to great success. Building on our already strong foundation, CNH is prepared to meet the challenges and capitalize on the opportunities of the market. By holding to our strategies, we are already showing success. We expect it to continue.

Brands

As the global leader in agriculture, CNH Global offers legendary New Holland and Case IH equipment around the world, as well as the regional European tractor brand Steyr. For construction equipment, the company markets Case, New Holland Construction, Fiat-Hitachi, O&K and Fiatallis brands in a full spectrum of heavy and light construction equipment. Both our agricultural and construction equipment lines are backed by dealer and customer financing and parts support and service.

AGRICULTURE

We manufacture the broadest range of equipment used on farms and livestock operations around the world, from high- and low-horsepower tractors to a wide range of harvesting equipment.

NEW HOLLAND · CASE IH · STEYR · flexicoil

CONSTRUCTION

A full spectrum of heavy and light construction equipment is available for such industries as road building, underground and utilities, quarry and aggregates, landscaping, wood and forestry, demolition, excavation and residential building.

CASE · NEW HOLLAND CONSTRUCTION · FIAT-HITACHI · O&K

FINANCIAL SERVICES ➡

CNH Capital and our other financial service brands support the sale of CNH agricultural and construction equipment around the world through a variety of financing products.

CNH Capital

CASE CREDIT

NEW HOLLAND CREDIT

FIATALLIS

KOBELCO*

** From January 10, 2002 in North America*

PAOLO MONFERINO > *President and Chief Executive Officer*

To Our Shareholders

SUCCESSFUL DIVERSIFICATION

➜ During 2001, CNH Global began to realize steady improvements in our results, capitalizing on our strong positions in the agricultural and construction equipment businesses around the world. Pricing pressures, flat equipment spending and soft demand in many geographic areas presented us with a challenging global economy. In addition to tough market conditions, other factors such as accruals, interest expense and the cost of goodwill affected our financial performance as well. But these factors did not slow our progress. Our experienced management team is committed to our long-term goal of leading the world in agricultural and construction equipment manufacturing. We have much to be proud of as we continue to create synergies between the Case and New Holland organizations and continue to strengthen the global presence of our brands.

We have concentrated our efforts on our core multi-brand, multi-distribution strategy, realized greater operating efficiencies and lowered our costs. We have focused our operations at Centers of Excellence, where engineering, design and manufacturing expertise are concentrated on specific product lines. The industry has recognized our achievements with awards from the most prestigious shows and fairs, where we have introduced exciting innovations that offer our customers the products, support and financing

they need to be successful. We have unparalleled product diversity, introducing 49 new or enhanced agricultural products and 52 new or enhanced construction equipment products during the year, adding to our already-strong offerings.

Our accomplishments are driven by our long-term plan – a strategic approach to consolidating and growing our market share, cutting costs, and using savings realized to fund innovation. We have strengthened our global leadership position in many of our core markets. We also have enhanced our position in new markets. Together, these accomplishments bring us closer to our goal of being the premier agricultural equipment producer worldwide while continuing to grow our positions in light and heavy construction equipment.

In the agricultural equipment market, we have the widest geographical reach of any manufacturer and hold the leadership position in the key categories of tractors and combines. In other categories, we also are in top positions — for example, in North America, we are the leading manufacturer in hay and forage equipment.

Despite the softness of the market overall, our accomplishments are many, and our success will grow based on the gains we made in 2001. Our goals are ambitious but achievable because we enjoy advantages unmatched by our competitors. Our revenue base is diversified geographically and among product segments, reducing the impact of regional market fluctuations. Therefore, we are able to assure the strength of our operations over the long term. As a result, our customers, dealers and investors believe in our fundamental stability and long-term potential.

A YEAR OF ACHIEVEMENTS

Our agricultural products have succeeded under some very tough market conditions. We increased market share in North America and Latin America. We also increased sales in Latin America, despite the downturn in the Argentine economy.

Our increased emphasis on designing an integrated platform approach has resulted in the New Holland TJ tractor and the Case IH Series STX Steiger common platform, the first of many such efforts to come. Through streamlining the production process, we will continue to concentrate our resources on features most desirable to the customer.

In the light construction equipment market, we lead the world in overall units sold (46,000), while in heavy construction, we slightly increased our market share. Overall, our construction equipment business showed particular strength in Latin America and, despite a very soft market, in Western Europe.

We also entered into an alliance with Kobe Steel, Ltd. and Kobelco Construction Machinery Co., Ltd., the major supplier of crawler excavator equipment in Japan and one of the leaders around the world. Through the new Fiat-Kobelco and Kobelco brands, we will enhance our position in the marketing, design and production of crawler excavators.

We have strengthened our position in Russia and the Commonwealth of Independent States, where we have more than 13,000 pieces of Case IH and New Holland equipment in operation. Overall, we are the largest single Western producer offering a full range of agricultural equipment in Russia

and the Commonwealth of Independent States. Through our Case IH joint venture company in Uzbekistan, we have sold 7,000 units during the past six years and we have helped treble wheat production in the country over that time. Uzbekistan promises to be a growing market for us in the future.

In the Asia Pacific region, our joint venture with Shanghai Tractor and Internal Combustion Engine Corporation, the industry leader, gives us a strong position in China. Shanghai New Holland Agricultural Machinery Corp., Ltd., will be a major force in tractors under 100 horsepower through manufacturing, distribution and subsequent exporting.

Our new product development continued with 101 new and updated products for global or regional distribution. These include agricultural products – from the New Holland TJ Series tractors and the award-winning New Holland CX combine to the equally-renowned Case IH CVX tractors and compact Case IH AHX 1800 sugar cane harvester. New construction equipment products include the Case XT Series skid steers to the Case D Series wheel loaders.

But new products, expanded markets, innovations and financial efficiencies are only part of the story. Our parts business performed well during the year. We further supported our dealers by proudly adding CNH Original Parts to the already established and accepted New Holland and Case parts lines.

In addition, CNH Capital, our financial services business, has been streamlined to better address the financing solutions of our customers and dealers. We divested our marine business, while increasing our core business retail portfolio from last year and the dealer portfolio by 33 percent from two years ago.

This past year also was a year of celebration. We recognized more than 25 years of success with the Case IH Axial-Flow combine, which just surpassed 110,000 units sold. Axial-Flow combines have now harvested over one billion acres of crops worldwide.

During the year, we had additional reasons for celebration. Our organization embraced dealers and customers with enhanced marketing, education and financial support programs. For management and sales personnel, we upgraded our education, training and assessment programs.

GREATER EFFICIENCY OF PROCESSES AND SYSTEMS

While we pursued new products, technologies, markets and customers, we also made great strides in reaching our goals of streamlining operations to optimize our facilities and personnel. Well ahead of schedule, we achieved synergies inherent in the merger, improved our systems and supply chain, increased margins overall and maintained quality and operational efficiency.

In truth, our processes are constantly being evaluated and reengineered for efficiency, from optimizing R&D and manufacturing activities through our Centers of Excellence to combining platforms. We also developed closer relationships with our best suppliers to reduce paperwork and streamline our purchasing, and reduced legal entities to simplify structure, increase transparency, reduce administrative costs and match legal entities with operations.

Our streamlining efforts were undertaken with the customer in mind, to realize production savings and thus enhance customer choice. Using common product components – from frames to air conditioning units – realized further savings while assuring maximum product performance. In fact, standardization allows us to concentrate our product differentiation on the features that really matter. In addition, we have achieved a 40 percent reduction in product platforms, increasing efficiency and reducing costs.

In total, our efforts have resulted in major operational cost efficiencies that put us within range of meeting our long-term goals. Through this careful management of our costs, we secure long-term success for our customers, which creates greater loyalty for our dealers and, ultimately, better shareholder value and greater opportunities for our employees.

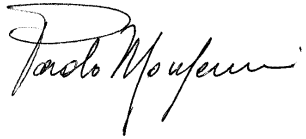
THE PROMISE OF THE FUTURE

Our progress in 2001 is just the beginning. All the elements we have in place – from financial discipline to dealer support to new technologies – were part of our strategy. The plans we have for 2002 and beyond are just as exciting, challenging and, above all, realistic. They will take us into the next phase of achieving our goals. Plans, however, are only pieces of paper if not carried out by people who understand how to get them done.

In that regard, we have the best talent. Our experienced senior management team combines a variety of expertise and experience to achieve our goals, reflecting a diversification of skills. They know the business, the markets, the customer and the products. At every level of our multi-cultural organization – from top management to our local sales and support teams – our people bring their life experiences to bear on the customer situation. In total, we understand the needs and challenges of the local market, and we have the resources to offer the best from around the world.

What does the future hold? This much is certain: we will always strive for the best – in quality, efficiency, productivity and support – while capitalizing on the strong foundation we have built.

Our people and our operations are that foundation. CNH Global builds from that foundation to drive success. Our family of brands has a proud heritage and, with our plans moving forward, the future is promising. Everyone associated with CNH is helping to drive that success. We have a long way to go to achieve our goals, but we're going together!



PAOLO MONFERINO
President and Chief Executive Officer
CNH GLOBAL N.V.

financials →→

Following is an abridged version of the company's Management Discussion and Analysis, statements, and footnotes to the statements. For the full text please refer to the company's Form 20-F for 2001)

➔ We have prepared our financial statements in accordance with generally accepted accounting principles in the United States or U.S. GAAP. The impact of acquisitions, particularly the impact of the Case and New Holland merger, has affected the comparability of the respective prior-year data. We have made certain reclassifications of prior year amounts to conform with the current year presentation.

Our agricultural and construction equipment businesses are collectively referred to as our Equipment Operations. Our financial services businesses are collectively referred to as Financial Services. Unless otherwise indicated, all financial data set forth herein is expressed in U.S. Dollars.

The "Consolidated" data in this section includes CNH Global N.V. and its consolidated subsidiaries and conforms to the requirements of Statement of Financial Accounting Standards ("SFAS") No. 94. In the supplemental consolidating data in this section, "Equipment Operations" (with "Financial Services" on the equity basis) include primarily CNH Global N.V.'s agricultural and construction equipment operations. The supplemental "Financial Services" consolidating data in this section 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. This presentation is consistent with the other consolidated and supplemental financial information presented throughout this report.

➔ Revenues Consolidated revenues for 2001 totaled approximately $9,715 million as compared to approximately $10,041 million in 2000. Adjusted for the adverse impact of foreign exchange rates ($311 million) and divestitures ($351 million), consolidated revenues rose by 3% compared to 2000 despite a declining equipment market. The largest component of our consolidated revenues is our net sales of agricultural and construction equipment, which were $9,030 million in 2001 as compared to approximately $9,337 million in 2000. Adjusted for the impact of unfavorable exchange rates ($311 million) and divestitures ($351 million), net sales of equipment rose by 4% compared to 2000.

➔ Net Sales of Equipment Net sales of our Equipment Operations for the years ended December 31, 2001 and 2000 by geographic area were as follows:

NET SALES	*2001*	2000
(IN MILLIONS)		
Western Europe	*$ 3,168*	*$ 3,613*
North America	*4,197*	*4,072*
Latin America	*587*	*633*
Rest of World	*1,078*	*1,019*
TOTAL NET SALES	$ 9,030	$ 9,337

Net sales of equipment decreased in 2001 reflecting approximately $311 million in unfavorable currency translation, and divestitures accounted for a further negative impact of $351 million. Overall in 2001, world market demand for major agricultural equipment product lines was approximately 6% lower than in 2000, as increased demand for tractors and combines in North America and Latin America was more than offset by decreased demand in Western European and Rest of World markets. World market demand for major construction equipment product lines in 2001 decreased in virtually all major product lines and major market areas. Our mix of sales weakened slightly as our overall backhoe loader market share declined. However, in the important North American agricultural equipment market, our market share increased, reflecting the beginning of a recovery from our first year after the merger.

➔ Agricultural Equipment

NET SALES	*2001*	2000
(IN MILLIONS)		
Western Europe	*$ 1,970*	*$ 2,181*
North America	*2,876*	*2,510*
Latin America	*420*	*413*
Rest of World	*807*	*773*
TOTAL NET SALES	$ 6,073	$ 5,877

Net sales of agricultural equipment in 2001 were approximately 3% higher than in 2000. A slight increase in unit sales of tractors (by less than one percentage point) was partially offset by the unfavorable effects of currency translation and divestitures. Overall worldwide tractor market demand in 2001, as measured in units, decreased

by about 6% from 2000 levels, while overall combine demand increased by about 4%. Despite divestitures, our overall worldwide retail market share was less than one percentage point higher in 2001 compared with 2000.

In Western Europe, net sales of agricultural equipment decreased by 10%, reflecting lower tractor and combine unit sales and the 3% decline in the average value of the Euro and the 5% decline in the average value of the British Pound, in each case as compared with the U.S. Dollar from 2000 to 2001. Overall tractor market demand, as measured in units, decreased by about 7% in 2000 and overall combine market demand decreased by about 13%.

In North America, net sales of agricultural equipment increased by about 15% in 2001 compared with 2000, reflecting higher tractor and combine unit sales. Total market demand for agricultural tractors in North America increased by about 10%, led by a 10% increase in demand for under 40 horsepower tractors. Industry demand for mid-sized (40 to 100 horsepower) tractors increased by about 8%, demand for large two wheel drive tractors over 100 horsepower also increased by approximately 11% while demand for four wheel drive tractors increased by more than 13%. Combine market demand increased by about 9%.

In Latin America, net sales of agricultural equipment in 2001 were 2% higher than in 2000. Unit sales increased by about 13% and pricing and mix were favorable, but the average value of the Brazilian Real declined by approximately 22% in 2001 compared with 2000. Total market demand for agricultural tractors in Latin America increased by 8%, led by approximately 15% higher market demand for tractors in Brazil, based on unit sales, as the Brazilian government sustained its programs to assist farmers in purchasing equipment. Total market demand for combines rose by about 11%, with total industry unit sales of combines in Brazil increasing by about 9%.

In markets throughout the Rest of the World, net sales of agricultural equipment in 2001 increased by approximately 4% compared to 2000. Unit sales of tractors in 2001 were higher than in 2000, while unit sales of combines were essentially unchanged. This was offset by a decline in the value of the Australian Dollar as compared with the U.S. Dollar by about 11% from 2000 to 2001.

➡ Construction Equipment

NET SALES (IN MILLIONS)	*2001*	2000
Western Europe	*$ 1,198*	*$ 1,432*
North America	*1,321*	*1,562*
Latin America	*167*	*220*
Rest of World	*271*	*246*
TOTAL NET SALES	$ 2,957	$ 3,460

Net sales of construction equipment decreased by approximately 15% in 2001 compared with 2000. The decline in net sales reflects lower unit sales in most product lines and in most markets, as construction activity slowed during the year, and to the unfavorable effects of currency translations. Our overall unit sales decreased in 2001 by about 17%. Overall worldwide market demand as measured in units decreased by about 11% from 2000 to 2001, led by a 16% decline in worldwide market demand for backhoe loaders, for which we are the industry leader. Worldwide industry demand for skid steer loaders declined by approximately 11% and worldwide market demand for heavy construction equipment declined by approximately 9%. Our overall worldwide retail market share declined by less than one percentage point in 2001 compared with 2000.

In Western Europe, net sales of construction equipment decreased by 16%, reflecting 14% lower unit sales, the 3% decline in the value of the Euro and the 5% decline in the value of the British Pound from 2000 to 2001 and the impact of the Fermec divestiture. Overall market demand, as measured in units, decreased by approximately 10% in 2001.

In North America, net sales of construction equipment decreased by approximately 15% in 2001 compared with 2000. Retail unit sales of our equipment declined by approximately two percentage points more than the total market demand for construction equipment which decreased by about 12%, including a 16% decline in demand for backhoe loaders, an 11% decline in demand for heavy construction equipment and an 11% decline in demand for skid steer loaders. Our sales decline reflects the phase in/phase out launch of the new Case M Series backhoe loader in the first quarter of 2001, in addition to the overall market decline.

In Latin America, net sales of construction equipment decreased by 24% in 2001 compared with 2000. The decrease in net sales was principally due to the decline in the average value of the Brazilian Real by approximately 22% in 2001 compared with 2000, lower sales of parts, and a slight decrease of 1% in unit sales in that region. Total market demand, as measured in units, decreased by about 9%, including a 32% decline in market demand for skid steer loaders and a 17% decline in Latin American market demand for backhoe loaders, partially offset by a 4% increase in market demand for heavy construction equipment.

In markets throughout the Rest of World, where we have a minimal presence outside of Australia, net sales of construction equipment increased by 10% in 2001 compared with 2000. The increase in net sales was principally due to improved pricing and higher sales of parts, partially offset by a decline in unit sales by about 17% and an 11% decline in the value of the Australian Dollar as compared with the U.S. Dollar from 2000 to 2001. Total market demand decreased by approximately 10%.

➡ **Finance and Interest Income** Consolidated finance and interest income declined from $704 million in 2000 to $685 million in 2001. Finance and interest income in Equipment Operations increased to $149 million in 2001 as compared to $68 million in 2000, reflecting primarily the increased interest costs of the increased intersegment lending from Equipment Operations to Financial Services compared with 2000.

Financial services revenues totaled $739 million in 2001, down $60 million from the $799 million reported a year ago. The decline in revenues was primarily caused by a $70 million decrease in finance and interest income earned on retail and wholesale receivables in 2001 due principally to a 2% decrease in the average yield, offset by an 8.3% increase in the average balance of outstanding retail and wholesale receivables. The decline in finance and interest income was offset by an increase in securitization related revenues to $143 million from $133 million in the prior year. This increase was principally related to increases in gains recorded on securitization transactions executed during the falling interest rate environment of 2001.

➡ **Costs and Expenses** Costs of goods sold decreased by $234 million to $7,586 million in 2001, but as a percentage of net sales of equipment increased slightly from 83.8% in 2000 to 84.0% in 2001. Gross margin (net sales of equipment less cost of goods sold), expressed as a percentage of net sales of equipment, was 16.0% in 2001 as compared to 16.2% in 2000. This decline in gross margin reflected a decline in the gross margin of construction equipment that was only partially offset by an increase in the gross margin of agricultural equipment. In total, gross margin deterioration was principally due to lower absorption of fixed costs, pricing pressures and unfavorable mix, all primarily related to construction equipment, that was partially offset by favorable agricultural equipment volume, pricing and a total of $133 million of merger-related profit improvements, primarily related to lower material costs.

In 2001, selling, general and administrative ("SG&A") expenses declined by $53 million to $1,224 million from $1,277 million in the prior year. This decrease is more than explained by the decline in SG&A expenses in Equipment Operations to $915 million in 2001 from $1,007 million in 2000, or expressed as a percentage of net sales of equipment, a decrease from 10.8% in 2000 to 10.1% in 2001. The decrease in SG&A expenses in Equipment Operations was driven primarily by the reduction in salaried headcount. These reductions were principally due to the divestitures required by the U.S. and European regulatory authorities, ongoing cost reduction initiatives and merger integration profit improvement activities initiated by us. These actions resulted in a reduction in SG&A expenses of approximately $110 million in 2001. Partially offsetting the decline in SG&A expenses of Equipment Operations, SG&A expenses in Financial Services increased by $40 million, primarily due to higher loan loss provisions of approximately $30 million, on a pre-tax basis, which were mainly due to loans made in the non-core businesses.

During 2000, the portfolio of receivables originated through dealers other than CNH's dealers ("non-core" dealers) in North America began experiencing significantly higher credit losses than the core CNH dealer originated portfolios. At the end of 2000, we decided to cease purchasing non-CNH dealer originated receivables outside of the

agricultural and construction equipment markets. During 2001, we continued to experience deteriorating performance in delinquencies and the underlying collateral values of these liquidating portfolios as well as in the agricultural and construction equipment industry receivables originated through non-CNH dealers, as compared to portfolios in the same industries originated by CNH dealers. Based on these continuing trends, we increased our loss provisions in 2001 and made the decision in January 2002 to cease origination of all non-core receivables and focus on providing financing to support our dealers and end-use customers.

Although we believe that the cessation of originations in these non-core portfolios has significantly mitigated the potential for additional future charges, additional loan loss provisions for these portfolios may be necessary if further, unanticipated deterioration in market conditions affecting the underlying industries were to occur. The following information summarizes the significance of these North American non-core portfolios relative to our total loan portfolios and certain performance-related data as of December 31, 2001 and 2000:

(DOLLARS IN MILLIONS)	*2001*	2000
Non-core portfolio	*$ 939*	*$ 1,413*
Percentage of total portfolio	*10%*	*14%*
*Delinquency percentage**	*25%*	*18%*
Annual loss percentage	*6.45%*	*3.6%*
Loss provision provided	*$ 110*	*$ 72*

** Calculated as the percentage of loans in the relevant portfolio more than 30 days past due.*

By comparison, delinquency percentages for CNH's North American core portfolio were 4.3% and 4.5% for 2001 and 2000, respectively, and annual loss percentages for the North American core portfolio were 0.8% and 1.1% for 2001 and 2000, respectively.

Ongoing research and development expenses expressed as a percentage of net sales of equipment remained relatively unchanged at 3.4% in 2001 compared with 3.6% in 2000.

Our consolidated employment level has been reduced to approximately 28,100. During 2001, divestitures accounted for a reduction of approximately 1,300 personnel. Total employment has now been reduced by approximately 7,900, or 22%, since the merger; salaried employment has been reduced by 25%.

During 2001, we recorded $104 million in restructuring and other merger related costs for the CNH Merger Integration Plan, including $97 million in Equipment Operations and $7 million in Financial Services. These restructuring and other merger related costs relate to severance and other employee-related costs, write-down of assets, loss on the sale of assets and businesses, costs related to closing, selling, and downsizing existing facilities and other merger related costs. The CNH Merger Integration Plan realized $278 million in annual profit improvements related to product offerings made available through our multiple distribution channels in 2001 in addition to the $155 million realized in 2000. These annual profit improvements total $433 million in ongoing profit improvements compared to the base levels of revenues and costs incurred in the combined operations of New Holland and Case for the full year 1999. During 2000, we recorded $157 million in restructuring and other merger related costs for the CNH Merger Integration Plan. See Note 4, "Restructuring" to the Consolidated Financial Statements for a detailed analysis of our restructuring programs.

As a result of our merger integration and development plan, we expect to achieve over $600 million in annual merger-related profit improvements by year-end 2003, including the approximately $433 million of annual profit improvements achieved in 2001 as compared to the base levels of revenues and costs incurred in the combined operations of New Holland and Case for the full year 1999.

The reduction in consolidated interest expense from $793 million in 2000 to $726 million in 2001 was principally due to lower average interest rates, partially offset by increased borrowings. Interest expense in Equipment Operations increased to $585 million in 2001 from $542 million in 2000 primarily as a result of increased borrowings to support increased intersegment lendings by Equipment Operations to Financial Services, which yielded lower funding costs than Financial Services would otherwise have been able to obtain. The decrease in Financial Services interest expense of $71 million to $339 million was mainly due to lower average funding costs, partially offset by higher average borrowing levels to support the higher balances of retail and wholesale receivables. In 2001, we incurred $358 million in interest expense relating to its financing from Fiat as compared to $291 million in 2000.

Other, net increased to $193 million in 2001 from $186 million in 2000. The increase in other expenses was primarily attributable to unfavorable foreign exchange impacts.

During 2001, total equity in income (loss) of unconsolidated subsidiaries and affiliates declined by $14 million to a net loss of $8 million as compared to net income of $6 million in 2000. Financial services equity in income of unconsolidated subsidiaries increased $4 million during 2001 due primarily to the cost reductions related to the termination of origination activities of certain joint venture arrangements in Europe. Equity in income from our unconsolidated Equipment Operations activities decreased from a profit of $4 million in 2000 to a loss of $14 million in 2001. The decline was primarily due to the devaluation of the Turkish Lira in the first quarter of 2001.

➡ **Tax Rates – Consolidated** Our principal wholly owned manufacturing operations are located in the United States, Italy, the United Kingdom, Belgium, France, Germany, Canada and Brazil and these jurisdictions therefore have the most significant impact on the effective tax rate for CNH as a whole. The highest statutory tax rate in these countries in the year ended December 31, 2001 and 2000, respectively, was 42% and 53% in Germany. The lowest statutory tax rates in these countries were 30% in the United Kingdom for both 2001 and 2000. Our effective tax rate was approximately 24% in 2001 and 29% in 2000. For an analysis of the principal factors affecting our effective tax rate, see Note 16, "Income Taxes" to the Consolidated Financial Statements.

➡ **Net Income** The consolidated net loss in 2001 was $332 million, compared with a net loss of $381 million in 2000. On a diluted basis, losses were $1.20 and $1.79 per share in 2001 and 2000, respectively. On a consolidated basis, the loss before restructuring and other merger related costs, net of tax, was $253 million in 2001 as compared to a net loss of $269 million in 2000.

➡ **Effect of Currency Translation** For financial reporting purposes, we convert the financial results of each of our operating companies into U.S. Dollars, using average exchange rates calculated with reference to those rates in effect during the year. As a result, any change from year to year in the U.S. Dollar value of the other currencies in which we incur costs or receive income is reflected in a currency translation effect on our financial results.

The impact of currency translation on the results of Financial Services operations is minimal, reflecting the geographic concentration of such operations within the United States. For Equipment Operations, the impact of currency translation on net sales generally is largely offset by the translation impact on costs and expenses.

During 2001, the average change in the currencies of our major operations as compared with the U.S. Dollar were declines in the values of the Euro by 3%, the Australian Dollar by 11%, the British Pound by 5% and the Brazilian Real by 22%. The value of the Canadian Dollar declined by 4% and the value of the Japanese Yen declined by 13%. The impact of these movements reduced net sales by 3% and reduced the absolute gross margin by 5%. The impact on net income was approximately $10 million unfavorable, as the impact on overhead costs was favorable.

Consolidated Statements of Operations

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000	Consolidated		Equipment Operations		Financial Services	
	2001	2000	2001	2000	2001	2000
(IN MILLIONS OF U.S. DOLLARS, EXCEPT PER SHARE DATA)						
Revenues:						
Net sales	$ 9,030	$ 9,337	$ 9,030	$ 9,337	$ —	$ —
Finance and interest income	685	704	149	68	739	799
	9,715	10,041	9,179	9,405	739	799
Costs and Expenses:						
Cost of goods sold	7,586	7,820	7,586	7,820	—	—
Selling, general and administrative	1,224	1,277	915	1,007	314	274
Research, development and engineering	306	338	306	338	—	—
Restructuring and other merger related costs	104	157	97	157	7	—
Interest expense – Fiat affiliates	358	291	308	257	50	34
Interest expense – other	368	502	277	285	289	376
Other, net	193	186	112	100	81	86
	10,139	10,571	9,601	9,964	741	770
Equity in Income (Loss) of Unconsolidated Subsidiaries and Affiliates:						
Financial Services	6	2	4	26	6	2
Equipment Operations	(14)	4	(14)	4	—	—
Income (loss) before taxes and minority interest	(432)	(524)	(432)	(529)	4	31
Income tax provision (benefit)	(105)	(153)	(105)	(159)	—	6
Minority interest	5	10	5	11	—	(1)
NET INCOME (LOSS)	$ (332)	$ (381)	$ (332)	$ (381)	$ 4	$ 26
Per share data:						
BASIC EARNINGS (LOSS) PER SHARE	$ (1.20)	$ (1.79)				
DILUTED EARNINGS (LOSS) PER SHARE	$ (1.20)	$ (1.79)				

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, 2001 AND 2000	Consolidated		Equipment Operations		Financial Services	
	2001	2000	2001	2000	2001	2000
(IN MILLIONS OF U.S. DOLLARS, EXCEPT SHARE DATA)						
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 663	$ 886	$ 378	$ 593	$ 285	$ 293
Accounts and notes receivable	4,010	3,637	1,790	1,591	2,466	2,152
Intersegment notes receivable	—	—	524	576	344	195
Inventories	2,204	2,374	2,204	2,374	—	—
Deferred income taxes	454	436	333	398	121	38
Prepayments and other	100	242	97	79	3	219
Total current assets	7,431	7,575	5,326	5,611	3,219	2,897
Long-Term Receivables	2,150	2,513	203	224	1,947	2,275
Intersegment Long-Term Notes Receivable	—	—	1,112	14	—	—
Property, Plant and Equipment, net	1,354	1,474	1,333	1,455	21	19
Other Assets:						
Investments in unconsolidated subsidiaries and affiliates	266	282	235	258	31	24
Investment in Financial Services	—	—	1,147	1,122	—	—
Equipment on operating leases, net	612	643	—	—	612	643
Goodwill and intangibles	3,647	3,817	3,508	3,669	139	148
Other	1,752	1,273	1,369	884	383	394
Total other assets	6,277	6,015	6,259	5,933	1,165	1,209
TOTAL	$ 17,212	$ 17,577	$ 14,233	$ 13,237	$ 6,352	$ 6,400
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities:						
Current maturities of long-term debt – Fiat affiliates	$ 732	$ 155	$ 617	$ 88	$ 113	$ 243
Current maturities of long-term debt – other	329	1,494	20	36	311	1,282
Short-term debt – Fiat affiliates	1,847	2,043	1,373	1,568	474	475
Short-term debt – other	1,370	2,143	670	961	700	1,182
Intersegment short-term debt	—	—	344	195	524	576
Accounts payable	1,217	1,256	1,287	1,221	166	97
Restructuring liability	74	251	67	250	7	1
Other accrued liabilities	1,784	1,868	1,650	1,694	144	264
Total current liabilities	7,353	9,210	6,028	6,013	2,439	4,120
Long-Term Debt – Fiat Affiliates	3,311	2,230	3,002	2,045	309	185
Long-Term Debt – Other	2,274	1,660	1,217	897	1,057	763
Intersegment Long-Term Debt	—	—	—	—	1,112	14
Other Liabilities:						
Pension, postretirement and postemployment benefits	1,173	973	1,163	961	10	13
Other	1,120	916	843	734	277	182
Total other liabilities	2,293	1,889	2,006	1,695	287	195
Commitments and Contingencies (Note 18) Minority Interest	72	74	71	73	1	1
Shareholders' Equity:						
Common Shares, €0.45 par value; authorized 444,444,460 shares, issued 277,683,830 shares in 2001 and 2000	143	143	143	143	37	37
Paid-in capital	2,995	2,991	2,995	2,991	918	856
Treasury stock, 583,532 shares in 2001 and 508,332 shares in 2000, at cost	(7)	(6)	(7)	(6)	—	—
Retained earnings (deficit)	(573)	(213)	(573)	(213)	242	238
Accumulated other comprehensive income (loss)	(646)	(399)	(646)	(399)	50	(9)
Unearned compensation on restricted shares and options	(3)	(2)	(3)	(2)	—	—
Total shareholders' equity	1,909	2,514	1,909	2,514	1,147	1,122
TOTAL	$ 17,212	$ 17,577	$ 14,233	$ 13,237	$ 6,352	$ 6,400

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, 2001 AND 2000	Consolidated		Equipment Operations		Financial Services	
	2001	2000	2001	2000	2001	2000
(IN MILLIONS OF U.S. DOLLARS)						
Operating activities:						
Net income (loss)	$ (332)	$ (381)	$ (332)	$ (381)	$ 4	$ 26
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	424	429	319	336	105	93
Deferred income tax expense (benefit)	(174)	(229)	(91)	(196)	(83)	(33)
(Gain) loss on disposal of fixed assets	3	(6)	3	(8)	—	2
Undistributed (earnings) losses of unconsolidated subsidiaries	17	(6)	19	(30)	(6)	(2)
Changes in operating assets and liabilities:						
(Increase) decrease in receivables	(264)	1,033	(153)	655	(111)	378
(Increase) decrease in inventories	48	36	48	36	—	—
(Increase) decrease in prepayments and other current assets	137	57	(23)	154	160	(115)
(Increase) decrease in other assets	(155)	(66)	(239)	15	84	(99)
Increase (decrease) in payables	78	(80)	111	(147)	(33)	67
Increase (decrease) in other accrued liabilities	5	135	133	10	(128)	160
Increase (decrease) in other liabilities	217	(10)	127	(56)	90	46
Other, net	(186)	(104)	(190)	(103)	4	—
Net cash provided (used) by operating activities	(182)	808	(268)	285	86	523
Investing activities:						
Acquisitions and investments, net of cash acquired	(8)	(58)	(62)	(84)	(1)	1
Proceeds from sale of businesses and assets	287	170	114	157	173	13
Expenditures for property, plant and equipment	(229)	(228)	(221)	(213)	(8)	(15)
Expenditures for equipment on operating leases	(322)	(180)	—	—	(322)	(180)
Other, net	—	—	—	—	—	—
Net cash provided (used) by investing activities	(272)	(296)	(169)	(140)	(158)	(181)
Financing activities:						
Intersegment activity	—	—	(1,102)	(318)	1,102	318
Proceeds from issuance of long-term debt – Fiat affiliates	1,646	1,531	1,499	1,967	147	45
Proceeds from issuance of long-term debt – other	824	—	824	—	—	—
Payment of long-term debt – Fiat affiliates	(129)	(243)	(13)	—	(116)	(243)
Payment of long-term debt – other	(1,197)	(323)	(529)	(32)	(668)	(772)
Net increase (decrease) in short-term revolving credit facilities	(853)	(841)	(410)	(1,349)	(443)	508
Capital contributions	—	—	—	—	55	25
Advance to capital	—	—	—	—	—	—
Dividends paid	(28)	(82)	(28)	(82)	—	—
Other, net	—	(84)	—	(79)	—	(5)
Net cash provided (used) by financing activities	263	(42)	241	107	77	(124)
Effect of foreign exchange rate changes on cash and cash equivalents	(32)	(50)	(19)	(46)	(13)	(4)
Increase (decrease) in cash and cash equivalents	(223)	420	(215)	206	(8)	214
Cash and cash equivalents, beginning of year	886	466	593	387	293	79
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 663	$ 886	$ 378	$ 593	$ 285	$ 293

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, 2001 AND 2000	Common Shares	Paid-in Capital	Treasury Stock	Unearned Compensation	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
(IN MILLIONS OF U.S. DOLLARS)								
Balance, December 31, 1999	$ 88	$ 1,645	$ —	$ (8)	$ 250	$ (265)	$ 1,710	
Comprehensive income:								
Net income (loss)	—	—	—	—	(381)	—	(381)	$ (381)
Translation adjustment	—	—	—	—	—	(133)	(133)	(133)
Pension liability adjustment	—	—	—	—	—	(1)	(1)	(1)
TOTAL								$ (515)
Dividends declared	—	—	—	—	(82)	—	(82)	
Capital contributions on stock issuance	55	1,345	—	—	—	—	1,400	
Recognition of compensation on restricted stock	—	—	—	1	—	—	1	
Issuance of restricted shares, net of forfeitures	—	1	(6)	5	—	—	—	
Balance, December 31, 2000	143	2,991	(6)	(2)	(213)	(399)	2,514	
Comprehensive income:								
Net income (loss)	—	—	—	—	(332)	—	(332)	$ (332)
Translation adjustment	—	—	—	—	—	(110)	(110)	(110)
Pension liability adjustment (net of tax $89 million)	—	—	—	—	—	(117)	(117)	(117)
Derivative financial instruments:								
Gains (losses) deferred (net of tax $12 million)	—	—	—	—	—	(47)	(47)	(47)
(Gains) 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	

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

Note 1: Nature of Operations

➡ CNH Global N.V. ("CNH"), formerly New Holland N.V., is incorporated in The Netherlands under Dutch law. CNH's Equipment Operations manufacture, market and distribute a full line of agricultural and construction equipment on a worldwide basis. CNH's Financial Services 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., a wholly owned subsidiary of Fiat S.p.A. ("Fiat"), a company organized under the laws of Italy, which owned approximately 84.6% of the outstanding shares of CNH at December 31, 2001.

Note 2: Summary of Significant Accounting Policies

➡ Basis of Presentation The consolidated financial statements present the operating results, financial position and cash flows of CNH as of and for the year ended December 31, 2001 and 2000.

➡ Principles of Consolidation and Presentation CNH has prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States or U.S. GAAP. The accompanying financial statements reflect the historical operating results of CNH, including the results of operations of Case since the merger date. CNH has prepared its consolidated financial statements in U.S. Dollars and, unless otherwise indicated, all financial data set forth in these financial statements is expressed in U.S. Dollars. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 94, "Consolidation of All Majority-Owned Subsidiaries," the financial statements include the accounts of CNH's majority-owned subsidiaries, except where control is expected to be temporary, and reflect the interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. The 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 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.

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

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

➔ **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, equipment and replacement parts title transfers to the dealer upon shipment. In Australia and some other 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 subsequent to the completion of the interest free period. Interest free periods average 4.5 months on approximately 65% of sales for the agricultural equipment business and 3.0 months on approximately 74% 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 $78 million and $96 million, for the years ended December 31, 2001 and 2000, 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.

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.

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

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

➡ **Equipment on Operating Leases** Financial Services purchases equipment that is leased to retail customers under operating leases from dealers. Income from operating leases is recognized over the term of the lease. Financial Services' investment in operating leases is based on 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 impact 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** Goodwill represents the excess of the purchase price paid plus the liabilities assumed over the fair value of the tangible and identifiable intangible assets purchased. Goodwill is amortized on a straight-line basis over 10 to 30 years. Goodwill relating to acquisitions of unconsolidated subsidiaries and affiliates is included in "Investments in unconsolidated subsidiaries and affiliates" in the accompanying balance sheets, and the related amortization is charged to "Equity in Income (Loss) of Unconsolidated Subsidiaries and Affiliates" in the accompanying statements of operations. CNH continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. When factors indicate that goodwill should be evaluated for possible impairment, CNH uses an estimate of the undiscounted cash flows over the remaining life of the goodwill in measuring whether the goodwill is recoverable.

At December 31, 2001 and 2000, goodwill totaled $3,146 million and $3,183 million, respectively, while accumulated amortization of goodwill was $336 million and $215 million at those respective dates. Amortization expense totaled $116 million and $106 million for the years ended December 31, 2001 and 2000, respectively.

Negative goodwill represents the excess of the fair value of the tangible and identifiable intangible assets purchased, with the fair value of non-current assets having been reduced to zero, over the purchase price paid plus liabilities assumed. Negative goodwill is being amortized on a straight-line basis over approximately 3 years. At December 31, 2001 and 2000, negative goodwill, net of accumulated amortization, totaled $0 and $33 million, respectively.

Intangibles consist primarily of acquired dealer networks, trademarks, product drawings and patents, and are being amortized on a straight-line basis over 5 to 30 years. At December 31, 2001 and 2000, intangibles, net of accumulated amortization, totaled $837 million and $849 million, respectively. Amortization expense totaled $39 million and $36 million for the years ended December 31, 2001 and 2000, respectively.

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

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

Buildings and improvements	*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 2001 and 2000 is not significant in relation to the consolidated financial results.

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 by 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.

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

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

➔ Derivatives The Company uses derivative financial instruments to manage its interest rate exposures and foreign currency exposures. CNH does not hold or issue such instruments for trading purposes. Hedge accounting is applied if the changes in the fair market value of the derivative instruments are highly correlated to changes in the fair market value of the anticipated transactions and recognized assets and liabilities. As these instruments are primarily accounted for as hedges of anticipated transactions or recognized assets and liabilities, unrealized fair value gains and losses are not recognized in earnings as of the balance sheet date to the extent that the hedge is effective. The effective portion of unrealized gains and losses are recognized in earnings in the period in which the hedged transaction affects earnings. Subsequent to the adoption of SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001, the fair value of all derivatives are recorded as assets or liabilities on the Consolidated Balance Sheets.

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

Note 3: Acquisitions and Divestitures of Businesses and Investments

➔ Acquisitions

FLEXI-COIL LTD. On January 4, 2000, CNH completed the acquisition of the remaining 61% ownership interests in Flexi-Coil Ltd. Prior to that date, CNH had maintained a 39% ownership interest in Flexi-Coil Ltd. Flexi-Coil designs, manufactures and sells various agricultural implements used for planting, seeding, tillage and spraying. The purchase price for the additional 61% ownership interest was C$74 million. The acquisition was accounted for as a step purchase and, accordingly, the accompanying consolidated

financial statements included the results of operations of Flexi-Coil Ltd. from January 4, 2000. The total purchase price paid plus the liabilities assumed was C$257 million. The goodwill associated with the acquisition of Flexi-Coil Ltd. totaled C$122 million and is being amortized on a straight-line basis over 30 years.

➡ **Divestitures** 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.

During 2000, CNH entered into an OEM agreement with Lindner whereby CNH would build Steyr model M-948 and M-958 (and equivalent Case IH models) for sale by Lindner.

In December 2000, CNH completed the divestiture of its Fermec Holdings Limited construction equipment business to Terex Corporation. Terex acquired the Manchester, England, plant, and the Fermec loader/backhoe and industrial tractor product lines.

In July 2000, CNH completed the sale of its New Holland Versatile, Genesis and G/70 series four-wheel and two-wheel drive tractor lines, together with the Winnipeg, Canada, plant in which they are made, to Buhler Versatile Inc., a subsidiary of Buhler Industries Inc.

In May 2000, CNH completed the sale of its interest in Hay and Forage Industries to AGCO Corporation.

In May 2000, CNH completed the sale of its large square balers assembled in Neustadt, Germany to Landini S.p.A.

In May 2000, CNH completed the sale of selected agricultural equipment assets to ARGO S.p.A., the holding company of Landini S.p.A. The transaction includes a plant in Breganze, Italy, and the Laverda line of non-hillside combines that are produced there.

Note 4: Restructuring

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

➡ **CNH Merger Integration Plan** As part of its merger integration, CNH has 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 expects to significantly reduce 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 that qualify for purchase accounting treatment under EITF 95-3. The CNH Merger Integration Program encompasses all other actions of the CNH Merger Integration Plan that qualify for the establishment of restructuring reserves under primarily EITF 94-3 and SFAS No. 121.

➡ **Case Purchase Accounting Restructuring Program** During May 1999, management of both companies assembled several integration teams to identify cost savings from workforce reductions, duplicate capacity and other synergy related activities from the acquisition. The preliminary actions identified by these integration teams were approved by management prior to the acquisition in November 1999. Detailed restructuring actions that related to former Case locations or employees that qualified for purchase accounting treatment under EITF 95-3 were recorded to the Case Purchase Accounting Restructuring Program during the fourth quarter of 1999 and during 2000. All restructuring actions relating to non-Case locations or employees or Case actions that were approved, committed and communicated more than one year after the acquisition were recorded as restructuring and other merger related costs under the CNH Merger Integration Program.

As of December 31, 1999, CNH had recorded $90 million in merger-related restructuring reserves for severance and other employee-related costs associated with identified headcount reductions as part of CNH's initial plan to integrate the Case operations. These costs were recorded in conjunction with the preliminary allocation of the Case purchase price. During 2000, CNH recorded an additional $225 million in merger integration restructuring reserves related to Case's operations, net of changes in estimates. These costs were recorded in conjunction with the finalization of the Case Purchase Accounting Restructuring Program. The additional merger integration restructuring reserves primarily relate to severance and other employee-related costs and costs related to closing, selling, and downsizing existing facilities. During 2001, CNH reversed $31 million in merger integration restructuring reserves related to Case's operations to goodwill. More employees left CNH voluntarily than was originally estimated and the cost to exit certain facilities was lower than anticipated.

The severance and other employee-related costs reserved for in 2000 amounted to $78 million and relate to severance costs required to reduce the remainder of the approximately 2,200 Case employees identified in the CNH Merger Integration Plan. CNH eliminated administrative and back office personnel, as well as manufacturing personnel in the facilities that CNH has closed or downsized. These termination accruals included the cost of severance and contractual benefits in accordance with collective bargaining agreements, other agreements and CNH policy, and also included costs for outplacement services, medical and supplemental vacation and retirement payments.

In 2000, CNH expended $61 million of termination payments related to severance and other employee-related costs. In addition, CNH reversed $39 million of severance and other employee-related costs to goodwill, as more employees left CNH voluntarily than was originally estimated resulting in a lower cost than anticipated. As of December 31, 2000, CNH had terminated approximately 1,500 Case employees related to the Case Purchase Accounting Restructuring Program.

In 2001, CNH expended $50 million of termination payments related to severance and other employee-related costs under programs which were reserved in 2000. In addition, CNH reversed $12 million of severance and other employee-related costs to goodwill, as more employees left CNH voluntarily than was originally estimated resulting in a lower cost than anticipated. As of December 31, 2001, CNH had terminated approximately 2,200 Case employees related to the Case Purchase Accounting Restructuring Program.

Reserves for costs related to closing, selling, and downsizing existing facilities of $185 million were taken due to required divestitures, excess capacity and duplicate facilities, and primarily relate to the following actions of the Case Purchase Accounting Restructuring Program:

> Sale of Case's CX and MXC product lines and the Doncaster, United Kingdom, plant in which they are assembled and its related component manufacturing plant in St. Dizier, France;

> Sale of Case's large square balers product line which is assembled in Neustadt, Germany;

> Sale of Case's Fermec brand loader/backhoe and industrial tractor product lines and the Fermec manufacturing plant in Manchester, United Kingdom;

> Sale of Case's ownership interest in Hay and Forage Industries in Hesston, Kansas, a 50% joint venture with AGCO Corporation that produces hay and forage implements;

> Closure of Case's Concord plant in Fargo, North Dakota, which produces air seeders;

> Closure of Case's manufacturing plant in Sorocaba, Brazil;

> Sale of Case's Carr Hill Works, Doncaster, England, components facility;

> Closure of Case's Racine, Wisconsin, tractor manufacturing 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 Case's operations.

In 2000, CNH utilized $72 million of costs related to closing/selling/downsizing existing facilities related to the programs described above.

In 2001, CNH utilized $91 million of costs related to closing/selling/downsizing existing facilities related to the programs described above which were reserved in 2000. In addition, CNH reversed $19 million of costs related to closing/selling/downsizing existing facilities to goodwill, as the cost to exit certain facilities was lower than anticipated.

The following table sets forth the CNH activities for the years ended December 31, 2000 and 2001 under the Case Purchase Accounting Restructuring Program (in millions):

2000 ACTIVITY	BALANCE AT DECEMBER 31, 1999	ADDITIONS	RESERVES UTILIZED*	CHANGES IN ESTIMATES	BALANCE AT DECEMBER 31, 2000
Severance and other employee-related costs	*$ 90*	*$ 78*	*$ (61)*	*$ (39)*	*$ 68*
Cost related to closing/selling/ downsizing existing facilities	*—*	*185*	*(72)*	*—*	*113*
Other costs	*—*	*1*	*—*	*—*	*1*
TOTAL RESTRUCTURING	$ 90	$ 264	$ (133)	$ (39)	$ 182

2001 ACTIVITY	BALANCE AT DECEMBER 31, 2000	ADDITIONS	RESERVES UTILIZED*	CHANGES IN ESTIMATES	*BALANCE AT DECEMBER 31, 2001*
Severance and other employee-related costs	*$ 68*	*$ —*	*$ (50)*	*$ (12)*	*$ 6*
Cost related to closing/selling/ downsizing existing facilities	*113*	*—*	*(91)*	*(19)*	*3*
Other costs	*1*	*—*	*—*	*—*	*1*
TOTAL RESTRUCTURING	$ 182	$ —	$ (141)	$ (31)	$ 10

** Includes currency translation.*

The specific restructuring measures and associated estimated costs were based on management's best business judgment under prevailing circumstances. Management believes that the Case Purchase Accounting Restructuring Program reserve balance of $10 million at December 31, 2001, is adequate to carry out the restructuring activities as outlined above, and CNH anticipates that all actions will be completed by September 30, 2002. 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 and other merger related costs," or in the applicable balance sheets as an adjustment to goodwill, as appropriate. All actions recorded in the Case Purchase Accounting Restructuring Program have been completed and there are no unresolved activities except for the remaining payments as indicated above. All additional restructuring actions relating to Case locations or employees will be recorded as restructuring and other merger related costs under the CNH Merger Integration Program. CNH expects to fund the remaining cash requirements of the Case Purchase Accounting Restructuring Program with cash flows from operations and additional borrowings under its credit facilities.

➡ CNH Merger Integration Program During 2000, CNH recorded $157 million in restructuring and other merger related costs related to the CNH Merger Integration Program, which did not qualify for purchase accounting treatment. These restructuring and other merger related 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, CNH recorded an additional $122 million in restructuring and other merger related costs related to the CNH Merger Integration Program. These restructuring and other merger related costs primarily relate to severance and other employee-related costs, costs related to closing, selling, downsizing existing facilities and other merger related costs.

The severance and other employee-related costs reserved for in 2000 amounted to $43 million and relate to severance costs required to reduce CNH headcount by approximately 2,100 employees as identified in the CNH Merger Integration Plan. CNH is eliminating administrative and back office personnel, as well as manufacturing personnel

in the facilities that CNH will close or downsize. These termination accruals include the cost of severance and contractual benefits in accordance with collective bargaining agreements, other agreements and CNH policy, and also include costs for outplacement services, medical and supplemental vacation and retirement payments.

In 2000, CNH expended $31 million of termination payments related to severance and other employee-related costs. As of December 31, 2000, CNH had terminated approximately 400 employees related to the CNH Merger Integration Program.

During 2001, CNH reserved for an additional $74 million and expended $40 million relating to severance and other employee-related costs. As of December 31, 2001, CNH had terminated approximately 1,900 employees related to the CNH Merger Integration Program.

Reserves for the writedown of assets, loss on the sale of assets and businesses, and costs related to closing, selling, and downsizing existing facilities, of $18 million in 2001 and $79 million in 2000, were taken due to required divestitures, excess capacity and duplicate facilities, and primarily relate to the following actions of the CNH Merger Integration Program:

> Sale of CNH's New Holland Laverda combine harvester product line (excluding hillside models) and the Breganze, Italy facility in which they are made;

> Sale of CNH's New Holland Versatile, Genesis and G/70 series four-wheel and two-wheel drive tractor lines, together with the Winnipeg, Canada, plant in which they are made;

> Closure of CNH's administrative offices in Brentford, United Kingdom;

> 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 CNH to a restructuring action, CNH determines the assets that will be disposed in the restructuring actions and calculates an impairment loss by writing down the assets 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. All of the asset impairments recorded by CNH were related to assets to be disposed of, and all of these assets have been disposed of at December 31, 2001. The impairment charges amounted to $15 million and $19 million in 2001 and 2000, respectively. Exit cost liabilities of $3 million and $60 million were accrued in 2001 and 2000, respectively. CNH utilized $37 million and $9 million of these exit cost liabilities in 2001 and 2000, respectively. In addition, CNH reversed $15 million of these exit cost liabilities in 2001 to restructuring and other merger related costs as the cost to exit certain facilities was lower than anticipated. These activities are included within writedown of assets, loss on sale of assets and business and costs related to closing/selling/downsizing existing facilities on the accompanying tables.

The other merger related costs of $15 million and $28 million for the years ended December 31, 2001 and 2000, respectively, relate to incremental costs incurred by CNH in conjunction with the 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.

The following table sets forth the CNH activities for the years ended December 31, 2000 and 2001, under the CNH Merger Integration Program (in millions):

2000 ACTIVITY	BALANCE AT DECEMBER 31, 1999	ADDITIONS	RESERVES UTILIZED*	CHANGES IN ESTIMATES	BALANCE AT DECEMBER 31, 2000
Severance and other employee-related costs	$ —	$ 43	$ (31)	$ —	$ 12
Writedown of assets	—	12	(12)	—	—
Loss on sale of assets and businesses	—	7	(7)	—	—
Cost related to closing/selling/ downsizing existing facilities	—	60	(9)	—	51
Other restructuring costs	—	7	(1)		6
Other merger related costs	—	28	(28)	—	—
TOTAL RESTRUCTURING	$ —	$ 157	$ (88)	$ —	$ 69

2001 ACTIVITY	BALANCE AT DECEMBER 31, 2000	ADDITIONS	RESERVES UTILIZED*	CHANGES IN ESTIMATES	*BALANCE AT DECEMBER 31, 2001*
Severance and other employee-related costs	$ 12	$ 74	$ (40)	$ —	$ 46
Cost related to closing/selling/ downsizing existing facilities	51	18	(52)	(15)	2
Other restructuring costs	6	15	(2)	(3)	16
Other merger related costs	—	15	(15)	—	—
TOTAL RESTRUCTURING	$ 69	$ 122	$ (109)	$ (18)	$ 64

** Includes currency translation.*

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 of $64 million at December 31, 2001, is adequate to carry out the restructuring activities as outlined above, and CNH anticipates that all actions will be completed by December 31, 2002. Costs relating to the majority of these actions will be expended through the third quarter of 2002. 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 and other merger related costs." CNH expects to fund the cash requirements of the CNH Merger Integration Program with cash flows from operations and additional borrowings under CNH's credit facilities.

Note 5: Inventories

➡ Inventories consist of the following (in millions):

DECEMBER 31,	*2001*	2000
Raw materials	*$ 270*	*$ 341*
Work-in-process	*244*	*301*
Finished goods	*1,690*	*1,732*
TOTAL INVENTORIES	$ 2,204	$ 2,374

Note 6: Property, Plant and Equipment

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

DECEMBER 31,	*2001*	2000
Land, buildings and improvements	*$ 564*	*$ 760*
Plant and machinery	*1,678*	*1,529*
Other equipment	*274*	*235*
Construction in progress	*145*	*177*
	2,661	*2,701*
Accumulated depreciation	*(1,307)*	*(1,227)*
NET PROPERTY, PLANT AND EQUIPMENT	$ 1,354	$ 1,474

Depreciation expense totaled $207 million and $243 million for the years ended December 31, 2001 and 2000 respectively.

Note 7: Equipment on Operating Leases

➡ A summary of Financial Services' equipment on operating leases is as follows (in millions):

DECEMBER 31,	*2001*	2000
Equipment on operating leases	*$ 738*	*$ 741*
Accumulated depreciation	*(126)*	*(98)*
NET EQUIPMENT ON OPERATING LEASES	$ 612	$ 643

Depreciation expense totaled $92 million and $78 million for the years ended December 31, 2001 and 2000, respectively.

Lease payments owed to CNH for equipment under non-cancelable operating leases as of December 31, 2001, are as follows (in millions):

	AMOUNT
2002	*$ 118*
2003	*87*
2004	*43*
2005	*22*
2006	*5*
2007 and thereafter	*—*
TOTAL	$ 275

Note 8: Investments in Unconsolidated Subsidiaries and Affiliates

➡ A summary of investments in unconsolidated subsidiaries and affiliates is as follows (in millions):

DECEMBER 31,	*2001*	2000
Investments using:		
Equity method	*$ 249*	*$ 275*
Cost method	*17*	*7*
TOTAL	$ 266	$ 282

At December 31, 2001, investments accounted for using the equity method primarily include interests CNH has in various ventures in the United States, Turkey, Mexico, Japan and Pakistan.

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

Note 9: Short-Term Debt

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

CNH has historically obtained, and may continue to obtain, a significant portion of its external financing from Fiat, on terms that CNH believes are at least as favorable as those available from unaffiliated third parties. The debt owed by CNH to Fiat is unsecured. In 2001, CNH paid a guarantee fee of between 0.0625% per annum and 0.125% 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.

The following table summarizes our credit facilities at December 31, 2001 (in millions):

	MATURITY	AMOUNT	DRAWN	AVAILABLE	GUARANTOR
Committed lines					
Revolving credit facility with third party	*2005*	*$ 1,800*	*$ 0*	*$ 1,800*	*Fiat*
Revolving credit facility with Fiat affiliate	*2002-03*	*1,000*	*1,000*	*0*	
Revolving credit facility with third party	*2004*	*500*	*500*	*0*	*Fiat*
Credit facilities with third parties shared with some Fiat subsidiaries	*2002-03*	*420*	*0*	*420*	*Fiat*
Credit facilities with third parties	*2002-04*	*250*	*0*	*250*	*Fiat*
Other committed lines	*various*	*716*	*615*	*101*	
Total committed lines		*4,686*	*2,115*	*2,571*	
Uncommitted lines	*various*	*1,556*	*1,286*	*270*	
Asset-backed commercial paper liquidity facilities		*1,424*	*483*	*941*	
TOTAL CREDIT FACILITIES		$ 7,666	$ 3,884	$ 3,782	
Credit facilities with Fiat affiliates or guaranteed by Fiat affiliates	*various*	*$ 3,970*	*$ 1,500*	*$ 2,470*	

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

DECEMBER 31,	*2001*	2000
Equipment Operations		
*Credit agreements**	*$ 670*	*$ 857*
Commercial paper	*—*	*104*
Short-term debt with Fiat affiliates	*1,373*	*1,568*
Short-term debt payable to Financial Services	*344*	*195*
Total short-term debt – Equipment Operations	*2,387*	*2,724*
Financial Services		
*Credit agreements**	*217*	*436*
Commercial paper	*—*	*546*
Asset-backed commercial paper liquidity facility	*483*	*200*
Short-term debt with Fiat affiliates	*474*	*475*
Short-term debt payable to Equipment Operations	*524*	*576*
Total short-term debt – Financial Services	*1,698*	*2,233*
Less intersegment short-term debt	*(868)*	*(771)*
TOTAL SHORT-TERM DEBT	$ 3,217	$ 4,186

** 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, 2001 and 2000, were 3.58% and 6.82%, respectively. The average rate is calculated utilizing the actual rates at December 31, 2001 and 2000 weighted by the amount of the outstanding borrowings of each debt instrument.

Borrowings under nonaffiliated third party revolving credit facilities bear interest at: (1) EURIBOR, plus an applicable margin; (2) LIBOR, plus an applicable margin; or (3) banker's bills of acceptance 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 is negotiated; in cases where Fiat provides a guarantee, the margin negotiated reflects Fiat's credit standing at the time the facility/credit line was arranged;

> the extent of overcollateralization, in the case of receivables warehouse facilities; and

> the level of availability of credit lines for CNH in different jurisdictions.

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 on the basis of its cost of funding for debt of different maturities. As Fiat's creditworthiness has 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.

The range of applicable margins in 2001 has been between 0.25% and 1.21%.

Borrowings against asset-backed commercial paper liquidity facilities bear interest at prevailing 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, 2001, CNH was in compliance with all debt covenants. The nonaffiliated third party committed credit facilities generally provide for facility fees on the total commitment, whether used or unused, and also provide for annual agency fees to the administrative agents for the facilities.

Note 10: Long-Term Debt

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

DECEMBER 31,	2001	2000
Equipment Operations		
Public Notes:		
Payable in 2003, interest rate of 6.25%	$ 279	$ 291
Payable in 2005, interest rate of 7.25%	248	273
Payable in 2016, interest rate of 7.25%	275	288
Third Party Secured Loans:		
Payable in 2007, interest of 3.91%	129	—
Payable in 2007, interest of 3.92%	11	—
Payable in 2008, interest of 3.85%	81	—
Notes with Fiat affiliates:		
Payable in 2002, interest rate of 7.01%	600	600
Payable in 2003, interest rate of 7.71%	400	400
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%	400	400
Payable in 2005, interest rate of 7.81%	600	600
Payable in 2006, interest rate of 3.37%	450	—
Payable in 2006, interest rate of 3.46%	550	—
Other affiliated notes, weighted average interest rate of 4.55% and 5.61% respectively	120	133
Other debt	214	81
	4,856	3,066
Less – current maturities	(637)	(124)
Total long-term debt – Equipment Operations	4,219	2,942
Financial Services		
Public Notes:		
Payable in 2001, interest rate of 6.13%	—	99
Payable in 2002, interest rate of 6.15% and 6.22%, respectively	140	998
Payable in 2003, interest rate of 6.13%	191	196
Payable in 2007, interest rate of 6.75%	144	143
Notes payable in 2002, interest rate of 2.48% and 6.17%, respectively	82	82
Long-term portion of borrowings under committed revolving credit facility, weighted-average interest rate of 2.40% and 6.25%, respectively	500	500
Long-term debt with Fiat affiliates, weighted-average interest rate of 4.22% and 5.67%, respectively	424	252
Intersegment debt with Equipment Operations, interest rate of 3.86% and 6.54%, respectively	1,112	14
Other debt	309	203
	2,902	2,487
Less – current maturities	(424)	(1,525)
Total long-term debt – Financial Services	2,478	962
Less long-term debt payable to Equipment Operations	(1,112)	(14)
TOTAL LONG-TERM DEBT	$ 5,585	$ 3,890

A summary of the minimum annual repayments of long-term debt, less current maturities of long-term debt, as of December 31, 2001, are as follows (in millions):

	AMOUNT
2003	$ 1,598
2004	1,140
2005	957
2006	1,347
2007 and thereafter	543
TOTAL	$ 5,585

In November 1997, CNH issued 10 billion Yen of medium-term notes maturing in October 2002. The notes are guaranteed by a subsidiary of Fiat and bear interest based upon the Japanese LIBOR rate. Simultaneously with the issuance of the notes, CNH entered into an interest rate and currency swap that fixed the amount payable at $82 million, on which interest is payable based on the U.S. Dollar LIBOR rate. The interest rate at December 31, 2001 and 2000 is 2.48% and 6.17%, respectively.

Note 11: Principal Shareholder's Advance to Capital

➡ On November 12, 1999, Fiat Netherlands Holding N.V., the majority shareholder of CNH, contributed $1,400 million to CNH in the form of an advance to capital to partially finance the merger of New Holland and Case. On June 30, 2000, Fiat Netherlands Holding N.V. received 127,918,782 CNH common shares, or the number of shares that it could have purchased with $1,400 million at $10.94 per share, a price determined by averaging the daily closing prices (after excluding the highest and lowest prices) of CNH common shares on the New York Stock Exchange during the 20 trading days immediately preceding June 30, 2000. The Board of Directors of CNH approved and CNH paid a discretionary return to Fiat Netherlands Holding N.V. on its advance to capital of $56 million, an annual rate of 6.25%.

Note 12: Share Rights Offering

➡ Shareholders of record as of June 30, 2000 were eligible to purchase 1.2021154 shares for every one share of common stock that they owned at a price of $10.94 per share. On August 11, 2000, CNH issued 30,048 common shares through the share rights offering.

Note 13: Shareholders' Equity and Stock-Based Compensation

➡ As of December 31, 2001, CNH has 444,444,460 authorized common shares, of which 277,683,830 shares were issued and 277,100,298 shares were outstanding. As of December 31, 2001, CNH has 583,532 treasury shares which represent cancellations of restricted shares under the CNH Equity Incentive Plan.

During the last two years, changes in CNH common shares issued were as follows:

YEAR ENDED DECEMBER 31,	2001	2000
(SHARES ISSUED, IN THOUSANDS)		
Issued as of beginning of year	277,684	149,660
Issuances of CNH Common Shares:		
CNH Equity Incentive Plan	—	75
Conversion of advance to capital	—	127,919
Share rights offering	—	30
ISSUED AS OF END OF YEAR	277,684	277,684

A dividend of $0.10 per common share, totaling $28 million, was declared and paid during 2001. A dividend of $0.55 per common share, totaling $82 million, was declared and paid in 2000.

➡ **Accumulated Other Comprehensive Income (Loss)** The components of accumulated other comprehensive income (loss) are as follows (in millions):

DECEMBER 31,	2001	2000
Cumulative translation adjustment	$ (507)	$ (398)
Minimum pension liability adjustment, net of taxes ($89 million and $0, respectively)	(119)	(1)
Deferred gains (losses) on derivative financial instruments, net of taxes ($12 million and $0, respectively)	(20)	—
TOTAL	$ (646)	$ (399)

➡ **CNH Outside Directors' Compensation Plan** In 1999, CNH established the CNH Global N.V. Outside Directors' Compensation Plan ("CNH Directors' Plan"). As amended, the CNH Directors' Plan provides for (1) the payment of an annual retainer fee and committee chair fee (collectively, the "Annual Fees") to independent outside members of the Board in the form of common shares of CNH; (2) an annual grant of options to purchase common shares of CNH; (3) an opportunity to receive up to 50% of their Annual Fees in cash; and (4) an opportunity to convert all or a portion of their Annual Fees into stock options. 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. There are one million common shares reserved for issuance under this plan. Exercise prices for options outstanding under the CNH Directors' Plan at December 31, 2001 ranged from $5.25 to $15.41. The remaining weighted average contractual life of the options issued pursuant to the CNH Directors' Plan is approximately nine years. As of December 31, 2001, there were 758,429 common shares available for issuance under the CNH Directors' Plan. During the last two years, changes in shares subject to issuance under stock option were as follows:

	2001		2000	
FOR THE YEARS ENDED DECEMBER 31,	SHARES	EXERCISE PRICE*	SHARES	EXERCISE PRICE*
Outstanding at beginning of year	120,757	$ 11.85	18,750	$ 15.41
Granted	142,277	6.04	102,007	11.19
Forfeited	(21,463)	12.09	—	N/A
OUTSTANDING AT END OF YEAR	241,571	8.40	120,757	11.85
EXERCISABLE AT END OF YEAR	159,071	7.73	64,507	10.72

* Weighted-average

The following table summarizes the outstanding stock options at December 31, 2001:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	SHARES OUTSTANDING	WEIGHTED AVERAGE CONTRACTUAL LIFE	EXERCISE PRICE*	SHARES EXERCISABLE	EXERCISE PRICE*
$5.25-8.00	142,277	9.5 years	$ 6.04	104,777	$ 6.20
$8.01-11.25	42,333	8.6 years	$ 10.28	42,333	$ 10.28
$11.26-15.41	56,961	8.3 years	$ 12.92	11,961	$ 12.13

* Weighted-average

➡ **CNH Equity Incentive Plan** In 1999, CNH established the CNH Equity Incentive Plan ("CNH EIP"). As amended, the CNH EIP provides for grants of various types of awards to officers and employees of CNH and its subsidiaries. There are 28 million common shares reserved for issuance under this plan. Certain options vest ratably over three or four years from the award date, while certain performance-based options vest subject to the attainment of specified performance criteria. Such performance-based options vest no later than seven years from the award date. All options expire after ten years. As of December 31, 2001, there were two separate awards of options under the CNH EIP with exercise prices of $6.34 and $13.77 that had remaining weighted average contractual lives of approximately ten and eight years, respectively. Prior to 2001, the exercise prices of all options granted under the CNH EIP were 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. During the last two years, changes in shares subject to issuance under stock option were as follows:

	2001		2000	
FOR THE YEARS ENDED DECEMBER 31,	*SHARES*	*EXERCISE PRICE**	SHARES	EXERCISE PRICE*
Outstanding at beginning of year	*5,201,937*	*$ 13.77*	*5,291,050*	*$ 13.77*
Granted	*5,328,000*	*6.34*	*2,299,500*	*13.77*
Forfeited	*(994,025)*	*12.75*	*(2,388,613)*	*13.77*
OUTSTANDING AT END OF YEAR	9,535,912	9.73	5,201,937	13.77
EXERCISABLE AT END OF YEAR	1,777,927	13.77	621,168	13.77

* *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 six months to seven years, 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. For the year ended December 31, 2000, 75,000 restricted shares were awarded at no cost to employees, at a weighted-average value of $12.81. No restricted shares were awarded during 2001. At December 31, 2001, restricted common shares outstanding totaled 33,600 shares.

As of December 31, 2001, there were 18,312,620 common shares available for issuance under the CNH EIP.

➡ **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"). The number of options granted to CNH employees to purchase Fiat Shares was 222,000 and 67,500 for the years ended December 31, 2001 and 2000. The exercise price, as determined by the average official price of Fiat Shares on the Italian Stock Exchange during the twenty-day period preceding the date of grant, was €28.45 and €30.63 for the options granted under the Fiat Plans in 2001 and 2000, respectively. These exercise prices as compared to the actual prices of Fiat Shares on the date of grant of €29.30 and €33.46 in 2001 and 2000, respectively, were not significantly different and did not result in a material amount of compensation expense under these plans. The 2001 and 2000 options vest ratably over a four year period. All options under the Fiat Plans expire eight years after the grant date.

➡ **SFAS No. 123 Disclosure** CNH has retained the intrinsic value method of accounting for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." For disclosure purposes only under SFAS No. 123, "Accounting for Stock-Based Compensation," the Black-Scholes pricing model was used to calculate the "fair value" of stock options. Based on this model, the weighted-average fair values of stock options awarded during 2001 were $2.48 and $2.94 per option for the CNH Directors' Plan and the CNH EIP, respectively. Based on this model, the weighted-average fair values of stock options awarded during 2000 were $4.83 and $3.43 per option for the CNH Directors' Plan and the CNH EIP, respectively.

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, are as follows:

	2001	2000
Net income (loss) to common (in millions):		
As reported	$ (332)	$ (381)
Pro Forma	$ (336)	$ (384)
Net income (loss) to common assuming dilution (in millions):*		
As reported	$ (332)	$ (381)
Pro Forma	$ (336)	$ (384)
Basic earnings (loss) per share:		
As reported	$ (1.20)	$ (1.79)
Pro Forma	$ (1.21)	$ (1.80)
Diluted earnings (loss) per share:		
As reported	$ (1.20)	$ (1.79)
Pro Forma	$ (1.21)	$ (1.80)

* *No effect in 2001 and 2000 as impact is antidilutive.*

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

	CNH DIRECTORS' PLAN	CNH EIP
2001 Assumptions:		
Risk-free interest rate	4.3%	4.1%
Dividend yield	1.5%	1.5%
Stock price volatility	47.0%	47.0%
Option life (years)	5.0	4.5
2000 Assumptions:		
Risk-free interest rate	5.1%	5.1%
Dividend yield	0.9%	0.9%
Stock price volatility	46.0%	46.0%
Option life (years)	5.0	5.0

Note 14: Accounts and Notes Receivable

➡ Wholesale notes and accounts arise primarily from the sale of wholegoods to dealers and distributors. 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 payment is received by CNH. 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 the prime rate or LIBOR. CNH evaluates and assesses dealers on an ongoing basis as to their creditworthiness.

CNH provides and administers financing for retail purchases of new and used equipment sold through its dealer networks. 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 accounts and notes receivables is as follows (in millions):

DECEMBER 31,	2001	2000
Wholesale notes and accounts	$ 2,734	$ 2,096
Retail and other notes and finance leases	3,026	3,461
Other	700	862
Total receivables	6,460	6,419
Less – Allowance for doubtful accounts	(300)	(269)
Less – Current portion	(4,010)	(3,637)
TOTAL LONG-TERM RECEIVABLES, NET	$ 2,150	$ 2,513

Maturities of long-term receivables as of December 31, 2001, are estimated as follows (in millions):

	AMOUNT
2003	$ 827
2004	575
2005	370
2006	205
2007 and thereafter	173
TOTAL LONG-TERM RECEIVABLES, NET	$ 2,150

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

Wholesale, 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.

➡ **Wholesale Receivables Securitizations** CNH sells wholesale receivables on a revolving basis to privately structured securitization facilities. The receivables are initially sold to wholly-owned bankruptcy remote special purpose entities ("SPEs"), which are consolidated by CNH, but legally isolate the receivables from the creditors of 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.

Upon the sale of additional receivables, receivables are removed from the balance sheet and proceeds are received for the difference between the receivables sold and the undivided interests in receivables that are required to be retained by CNH. In the event of a reduction in the receivables pool sold caused by charge-offs, the investors in the facility have recourse against our retained interests in the sold receivables. These retained interests fluctuate with the size of the sold portfolio as they are specified as percentages of the sold receivables. Investors have no recourse to CNH in excess of these retained interests. CNH continues to service the sold receivables and receives a fee, which approximates the fair value of the servicing obligation.

These facilities consist of a 364-day, $400 million facility that is renewable annually (most recently in March 2002) at the sole discretion of the purchasers, a seven-year committed, $650 million non-renewable facility that expires in October 2003 and a 364-day, C$325 million facility that is renewable annually (most recently in April 2002) upon agreement of the parties. At December 31, 2001, $1,037 million and C$303 million were outstanding under these facilities.

At December 31, 2001, $1,037 million and C$303 million were outstanding under these facilities, consisting of $1,208 million and C$361 million of wholesale receivables sold less CNH's retained undivided interests of $171 million and C$58 million. At December 31, 2000, $1,050 million and C$250 million were outstanding under these facilities, consisting of $1,279 million and C$343 million of wholesale receivables sold less CNH's retained undivided interests of $229 million and C$93 million. The retained 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 in 2001 and 2000 included (in millions):

	UNITED STATES		CANADA	
	2001	2000	*2001*	2000
Proceeds from new securitizations	*$ 115*	*$ 195*	*$ 75*	*$ 150*
Repurchase of receivables	*128*	*80*	*22*	*50*
Proceeds from collections reinvested in the facilities	*3,046*	*1,794*	*810*	*374*

In addition to the securitizations described above, certain foreign subsidiaries of CNH securitized or discounted receivables without recourse. For the year ended December 31, 2001, $134 million of wholesale receivables were sold of which $60 million remained outstanding under these programs. For the year ended December 31, 2000, $489 million of wholesale receivables were sold of which $187 million remained outstanding under these programs. 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 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, 2001 and 2000, certain subsidiaries of CNH sold with recourse wholesale receivables totaling $530 million and $218 million, respectively. The receivables sold are recorded in "Wholesale notes and accounts" in the preceding summary of accounts and notes receivable and the proceeds received from the sales are recorded as short-term debt as the transactions do not meet the criteria for derecognition in a transfer of financial assets.

➡ **Retail Receivables Securitizations** In CNH's receivable asset securitization program, retail finance receivables are sold by its wholly owned subsidiaries, Case Credit Corporation and New Holland Credit Company, to limited purpose, bankruptcy-remote, consolidated subsidiaries of CNH. In turn, these subsidiaries establish separate trusts to which they transfer the receivables in exchange for the proceeds from asset-backed securities issued by the trusts. The trusts activities are limited to acquiring the receivables, issuing asset-backed securities and making payments on the securities.

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 SFAS No. 14, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." In accordance with SFAS No. 140, assets and liabilities of the QSPEs are not consolidated in the Company's consolidated balance sheets.

No recourse provisions exist that allow holders of the QSPEs' asset-backed securities to put those securities back to CNH. Moreover, CNH does not guarantee any securities issued by the QSPEs. CNH's exposure related to these QSPEs is limited to the cash deposits held for the benefit of the QSPEs' investors and the retained interests in the QSPEs, all of which are reported in CNH's Consolidated Balance Sheets. The retained interests are generally subject to similar prepayment and credit loss risks as the ownership of the underlying receivables sold to the trusts. 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, in its role as Servicer, when the servicing of the sold contracts becomes burdensome. The QSPEs do not own stock of CNH or any of its affiliates.

➡ **Case Credit Corporation** Case Credit Corporation securitized retail notes with a net principal value of $2.1 billion and $2.6 billion in 2001 and 2000, respectively. In 2001, $1.2 billion of the receivables sold were originated by Case Credit Corporation and $0.9 billion were originated and sold to Case Credit Corporation at fair value by New Holland Credit Company and New Holland Credit Company Canada, wholly owned subsidiaries of CNH Global N.V. In 2000, $1.6 billion of the receivables sold were originated by Case Credit Corporation and $1.0 billion were originated and sold to Case Credit Corporation at fair value by New Holland Credit Company and New Holland Credit Company Canada, wholly owned subsidiaries of CNH Global N.V.

CNH recognized gains on the sales of these receivables of $87 million and $61 million in 2001 and 2000, respectively. These gains were calculated based on comparing the fair value of the net proceeds received from the sale to the allocated carrying value of assets sold. The allocated carrying value of assets sold is determined by allocating the previous carrying amount of these assets to the assets sold and the retained interests based on their relative fair values.

In conjunction with these sales, Case Credit Corporation retains certain interests in the sold receivables including interest-only strips, subordinated tranches of ABS securities issued ("ABS certificates"), rights to service the sold receivables and cash reserve accounts held in escrow. ABS certificates are classified as held to maturity securities as they are not subject to prepayment risk. These certificates are initially recorded at their allocated carrying value as a component of "Other assets" in the accompanying consolidated balance sheets. All other retained interests are also initially recorded at their allocated carrying value as "Accounts and notes receivables" in the accompanying balance sheets.

Cash reserve accounts are created through the reduction of proceeds received by Case Credit Corporation 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 2001 and 2000, the creation of new cash reserve accounts reduced proceeds from the sales of retail receivables by $45 million and $57 million, respectively. Total cash reserve escrow account balances were $172 million and $194 million at December 31, 2001 and 2000, respectively. Interest-only strips represent Case Credit Corporation's retained interest in the interest collected on the securitized receivables in excess of the interest paid to investors in the asset-backed securities. The fair value of the interest-only strip component of the retained interests is determined based on the present value of future expected cash flows. The key assumptions used in the present value calculations are credit loss, prepayment and interest rates. These assumptions represent management's best estimates of these rates based on current market conditions. As an additional form of credit enhancement to investors, Case Credit Corporation incurred a recourse liability of up to $19 million, which obligates Case Credit Corporation to fund shortfalls in collections related to one of the securitizations completed in 2000. No such form of credit enhancement to investors was incurred related to securitizations completed in 2001.

CNH services all securitized receivables and is entitled to receive a 1.00% annual servicing fee as compensation for these services. Beginning in the third quarter of 1999, CNH determined that this servicing fee exceeds the fair value of the services provided and began to record a servicing asset. Servicing assets recorded were $19 million and $18 million for 2001 and 2000, respectively, and are included in "Finance and interest income" in the accompanying statements of operations. These assets are amortized over the period in which CNH earns the related servicing fees. Amortization of servicing assets was $14 million and $8 million in 2001 and 2000, respectively. The amortization is included in "Finance and interest income" in the accompanying statements of operations. Total servicing assets equaled $23 million and $18 million, which approximates fair value at December 31, 2001 and 2000, respectively. The fair value of the servicing asset is determined by discounting future cash flows based on current discount and prepayment rate assumptions.

Case Credit Corporation stratifies its servicing assets based on geographic location and original term. As a result, Case Credit Corporation has two categories of servicing assets as of December 31, 2001 and 2000. One category consists of serviced assets located in the United States with 3 to 5 year original terms, which amounted to $20 million and $15 million as of December 31, 2001 and 2000, respectively. The other category consists of serviced assets located in Canada with 3 to 5 year original terms, which amounted to $3 million as of December 31, 2001 and 2000.

Case Credit Corporation is required to remit the cash collected on the serviced portfolio to the investors within two business days. At December 31, 2001 and 2000, $26 million and $17 million, respectively, of unremitted cash payable is included in "Accounts payable" in the accompanying balance sheets.

Weighted average assumptions utilized in measuring the initial fair value of retained interests for securitizations completed during 2001 and 2000 were as follows:

	U.S.		CANADA	
	2001	2000	*2001*	2000
Constant prepayment rate	*17.00%*	*17.00%*	*20.00%*	*20.00%*
Annual credit loss rate	*0.87%*	*0.66%*	*1.00%*	*0.56%*
Discount rate	*3.75%*	*6.91%*	*3.87%*	*6.18%*
Weighted average maturity in months	*22*	*23*	*21*	*19*

Case Credit Corporation 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 interest and any excess of carrying value over fair value results in an adjustment to the asset with a corresponding offset to earnings. These differences are recorded in earnings as they are deemed to be unrecoverable. Case Credit Corporation reduced the value of its retained interests by $76 million and $25 million in 2001 and 2000, respectively, based on this analysis, with an expense charged to "Selling, general and administrative" expense in the accompanying statements of operations. The primary cause of this reduction was the continued increase in credit losses recognized related to sold notes and the increase in the assumption used to estimate future credit losses.

Total losses incurred on CNH's serviced portfolio were $135 million and $128 million in 2001 and 2000, respectively. The principal balance of accounts with payments greater than 30 days delinquent was $343 million and $434 million, which represented 7.7% and 8.2% of CNH's managed retail and other notes and finance leases at December 31, 2001 and 2000, respectively.

The significant assumptions used in estimating the fair values of retained interests from sold receivables and the sensitivity of the current fair value to immediate 10% and 20% adverse changes at December 31, 2001 and 2000 are as follows:

➡ United States

IMPACT ON FAIR VALUE

(IN MILLIONS UNLESS STATED OTHERWISE)	*2001*			2000		
	DECEMBER 31, 2001 ASSUMPTION	*10% CHANGE*	*20% CHANGE*	DECEMBER 31, 2000 ASSUMPTION	10% CHANGE	20% CHANGE
Constant prepayment rate	*17.00%*	*$ 0.4*	*$ 0.9*	*17.00%*	*$ 0.4*	*$ 1.0*
Annual credit loss rate	*1.48%*	*$ 6.4*	*$ 12.6*	*0.60%*	*$ 2.7*	*$ 5.3*
Discount rate	*3.12%*	*$ 0.0*	*$ 0.1*	*6.89%*	*$ 0.8*	*$ 1.7*
Weighted-average remaining maturity	*17 months*			*18 months*		

RECEIVABLES SECURITIZED IN	1998	1999	2000	*2001*
Actual and expected static pool losses as of December 31, 2001	*2.71%*	*3.31%*	*2.43%*	*1.32%*
Actual and expected static pool losses as of December 31, 2000	*2.09%*	*1.61%*	*1.11%*	

➡ Canada

IMPACT ON FAIR VALUE

(IN MILLIONS UNLESS STATED OTHERWISE)	2001			2000		
	DECEMBER 31, 2001 ASSUMPTION	10% CHANGE	20% CHANGE	DECEMBER 31, 2000 ASSUMPTION	10% CHANGE	20% CHANGE
Constant prepayment rate	20.00%	$ 0.2	$ 0.3	20.00%	$ 0.2	$ 0.6
Annual credit loss rate	1.10%	$ 0.8	$ 1.5	0.55%	$ 0.3	$ 0.6
Discount rate	3.97%	$ 0.0	$ 0.0	6.15%	$ 0.1	$ 0.2
Weighted-average remaining maturity	16 months			17 months		

RECEIVABLES SECURITIZED IN	1998	1999	2000	2001
Actual and expected static pool losses as of December 31, 2001	1.48%	2.50%	1.03%	1.65%
Actual and expected static pool losses as of December 31, 2000	.93%	1.10%	.82%	

Static pool 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. Weighted average remaining maturity represents the weighted average number of months that the current collateral balance is expected to remain outstanding.

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. These changes are based on a balance of securitized receivables outstanding as of December 31, 2001 and 2000 of $3.8 billion and $4.0 billion, respectively.

Case Credit Corporation's cash flows related to securitization activities for 2001 and 2000 can be summarized as follows (in millions):

DECEMBER 31,	2001	2000
Proceeds from new retail securitizations	$ 2,070	$ 2,560
Servicing fees received (1)	$ 22	$ 28
Cash received on other retained interests	$ 46	$ 50
Net cash paid on closed deals (2)	$ 96	$ 123

(1) Does not reflect servicing fees earned in Canada as CNH is paid for these services if there are residual funds available when the Trusts are liquidated.

(2) Includes cash paid to repurchase receivables, net of returns of investments in retained interests.

➡ New Holland Credit Company During 1999, CNH consummated its first securitization of retail notes originated by New Holland Credit Company. As a result of the transaction, $1.1 billion of retail notes were sold and CNH recorded a gain on the sale of approximately $27 million, and such gain was recorded in "Finance and interest income" in the accompanying statements of operations.

The significant assumptions used in estimating the fair values of retained interests from sold receivables and the sensitivity of the current fair value to immediate 10% and 20% adverse changes at December 31, 2000 are as follows:

IMPACT ON FAIR VALUE

(IN MILLIONS UNLESS STATED OTHERWISE)	2001			2000		
	DECEMBER 31, 2001 ASSUMPTION	10% CHANGE	20% CHANGE	DECEMBER 31, 2000 ASSUMPTION	10% CHANGE	20% CHANGE
Constant prepayment rate	17.00%	$ 0.0	$ 0.0	17.00%	$ 0.0	$ 0.1
Annual credit loss rate	0.59%	$ 0.1	$ 0.2	0.60%	$ 0.4	$ 0.7
Discount rate	3.12%	$ 0.0	$ 0.0	6.89%	$ 0.1	$ 0.1
Weighted-average remaining maturity	12 months			15 months		

RECEIVABLES SECURITIZED IN	1999
Actual and expected static pool losses as of December 31, 2001	1.64%
Actual and expected static pool losses as of December 31, 2000	1.13%

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. These changes are based on a balance of securitized receivables outstanding as of December 31, 2001 and 2000 of $0.3 billion and $0.6 billion, respectively.

New Holland Credit Company's cash flows related to securitization activities for 2001 and 2000 can be summarized as follows (in millions):

DECEMBER 31,	2001	2000
Servicing fees received (1)	$ 2	$ 4
Cash received on other retained interests	$ 3	$ 9

(1) Does not reflect servicing fees earned in Canada as CNH is paid for these services if there are residual funds available when the Trusts are liquidated.

Note 15: Financial Instruments

➔ **Fair Market Value of Financial Instruments** The estimated fair market values of financial instruments that do not approximate their carrying values in the financial statements are as follows (in millions):

DECEMBER 31,	*2001*		2000	
	CARRYING AMOUNT	*FAIR VALUE*	CARRYING AMOUNT	FAIR VALUE
Accounts and notes receivable, net	*$ 6,160*	*$ 6,191*	*$ 6,150*	*$6,191*
Long-term debt	*$ 5,585*	*$ 5,704*	*$ 3,890*	*$3,576*

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 amounts of ABS certificates and certificates of deposit approximate their fair value. The fair value of fixed-rate, long-term debt was based on both quoted prices and the market value of debt with similar maturities and interest rates; the carrying amount of floating-rate, long-term debt was assumed to approximate its fair value. 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. The credit and market risk under these agreements is reduced through diversification among counterparties with high credit ratings. These counterparties include certain Fiat subsidiaries.

➔ **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 which 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 loss and recognized in earnings when the related inventory is sold. Ineffectiveness recognized related to these hedge relationships 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 ended December 31, 2002 are insignificant. The effective portion of changes in the fair value of the derivatives are recorded in other comprehensive income and are recognized in the statement 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 48 months, and CNH expects approximately $13 million net of tax losses deferred in other comprehensive income to be recognized in earnings over the 12 months ended December 31, 2002.

Interest rate swaps that have been designated in fair value hedge relationships are being used by CNH to mitigate the risk of reductions in the fair value of existing fixed rate long term bonds and medium-term notes due to 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 2001.

CNH enters into forward starting interest rate swaps as hedges of the gains that are recognized upon the sale of receivables in ABS transactions as described in Note 14, "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 market value of these instruments are highly correlated to changes in the fair value of the anticipated cash flows from the securities to be issued. 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 2001.

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 facility 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 2001.

Note 16: Income Taxes

➡ The sources of income (loss) before taxes and minority interest are as follows (in millions):

FOR THE YEARS ENDED DECEMBER 31,	*2001*	2000
The Netherlands source	*$ (10)*	*$ (37)*
Foreign sources	*(422)*	*(487)*
INCOME (LOSS) BEFORE TAXES	$ (432)	$ (524)

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

FOR THE YEARS ENDED DECEMBER 31,	*2001*	2000
Current income taxes	*$ 69*	*$ 76*
Deferred income taxes	*(174)*	*(229)*
TOTAL TAX PROVISION (BENEFIT)	$ (105)	$ (153)

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

FOR THE YEARS ENDED DECEMBER 31,	*2001*	2000
Tax provision (benefit) at the Dutch statutory rate of 35%	*$ (151)*	*$ (183)*
Foreign income taxed at different rates	*(29)*	*(12)*
Effect of tax loss carryforwards	*(16)*	*(8)*
Change in valuation allowance	*54*	*46*
Nondeductible goodwill	*29*	*25*
Dividend withholding taxes and credits	*2*	*(4)*
Other	*6*	*(17)*
TOTAL TAX PROVISION (BENEFIT)	$ (105)	$ (153)

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

DECEMBER 31,	2001	2000
Deferred tax assets:		
Marketing and selling incentives	$ 135	$ 211
Bad debt reserves	113	71
Postretirement and postemployment benefits	297	222
Inventories	37	73
Warranty reserves	83	76
Restructuring reserves	28	73
Other reserves	572	467
Tax loss carryforwards	1,209	814
Less: Valuation allowance	(986)	(849)
Total deferred tax assets	1,488	1,158
Deferred tax liabilities:		
Fixed assets basis difference/depreciation	168	269
Intangibles	278	275
Inventories	20	22
Other	370	215
Total deferred tax liabilities	836	781
NET DEFERRED TAX ASSETS	$ 652	$ 377

The net deferred tax assets are reflected in the accompanying balance sheets as follows (in millions):

DECEMBER 31,	2001	2000
Current deferred tax asset	$ 454	$ 436
Long-term deferred tax asset	1,086	672
Current deferred tax liability	(108)	(33)
Long-term deferred tax liability	(780)	(698)
NET DEFERRED TAX ASSETS	$ 652	$ 377

CNH has net operating tax loss carryforwards in a number of foreign tax jurisdictions within its global operations. The net tax value of these carryforwards and the years in which they expire are as follows: $1 million in 2002; $1 million in 2003; $3 million in 2004; $9 million in 2005; $1 million in 2006; and $629 million with expirations dates from 2007 through 2021. CNH also has net operating tax loss carryforwards of $565 million with indefinite lives. As a result of regulatory divestitures required by the relevant authorities pursuant to the merger, certain tax loss carryforwards related to the Case business may be at risk. The actual risk and degree of certainty are not known or quantifiable at this time.

During 2001 and 2000, CNH generated income in certain jurisdictions that supported reductions in the valuation allowance and recognized losses in certain jurisdictions that supported increases in the valuation allowance. CNH has recorded deferred tax assets in tax jurisdictions where CNH has been profitable, as management believes it is more likely than not that such assets will be realizable in the future. CNH also continues to have valuation allowances in certain tax jurisdictions where net operating losses exist. CNH has recorded deferred tax assets in jurisdictions where it has not been profitable but where it expects to generate sufficient taxable income in the future to realize the deferred tax assets. In particular, in 2001 and 2000, CNH recorded deferred tax assets related to U.S. tax loss carryforwards in the amount of $248 million and $185 million, respectively. The amount of the deferred tax assets considered realizable, however, could be reduced by a valuation allowance if future taxable income during the carryforward period does not occur. If a valuation allowance were required for the deferred tax assets, then net income would be reduced by the amount of the valuation allowance in the year in which it is established. Realization of deferred tax assets is dependent on generating future income and is thus subject to change.

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 to the goodwill recorded in conjunction with the acquisition and will not impact future periods' tax expense. As of December 31, 2001, and December 31, 2000, the valuation allowance that is potentially subject to being allocated to goodwill as part of the Case acquisition totaled $540 million.

At December 31, 2001, the undistributed earnings of foreign subsidiaries totaled approximately $1,904 million. In most cases, such earnings will continue to be reinvested. Provision has generally not been made for additional taxes on the undistributed earnings of foreign subsidiaries. These earnings could become subject to additional tax if they are remitted as dividends or if CNH were to dispose of its investment in the subsidiaries. It has not been practical to estimate the amount of additional taxes that might be payable on the foreign earnings, and CNH believes that additional tax credits and tax planning strategies would largely eliminate any tax on such earnings.

CNH paid (received) cash of $63 million and $(129) million for taxes during 2001 and 2000, respectively.

Note 17: Employee Benefit Plans and Postretirement Benefits

➔ **Defined Benefit and Postretirement Benefit Plans** CNH has various defined benefit plans that cover certain employees. Benefits are based on years of service and, for most salaried employees, on final average compensation. CNH's funding policies are to contribute to the plans amounts necessary to, at a minimum, satisfy the funding requirements as prescribed by the laws and regulations of each country. Plan assets consist principally of listed equity and fixed income securities.

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 respective company. For Case U.S. and Canadian hourly employees, the plans generally cover employees who retire pursuant to their respective hourly plans. These benefits may be subject to deductibles, copayment provisions and other limitations, and CNH has reserved the right to change these benefits, subject to the provisions of any collective bargaining agreement. 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.

In connection with CNH's acquisition of 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. The pension obligation reserve of approximately $140 million has been calculated in accordance with German statutory requirements. Effective January 1, 1999, CNH entered into an agreement with the seller of O&K whereby the seller, in return for a payment of $140 million (in equivalent Deutsche Marks) from O&K, has agreed to reimburse O&K for all future pension payments, including death benefits and medical support liabilities and any funding obligations under the collective bargaining agreement related to the non-active employees of O&K. An irrevocable, revolving bank guarantee was obtained to back the seller's guarantee of the future pension payment reimbursement. The actuarial present value related to this benefit obligation that is recorded on the balance sheet and reflected in the rollforward below was $126 million at December 31, 2001. CNH has an equal, corresponding other asset on their 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 have retained certain accumulated pension benefit obligations and related assets and certain accumulated postretirement health and life insurance benefit obligations.

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

FOR THE YEARS ENDED DECEMBER 31,	*2001*		2000	
(CNH)	*CNH U.S. PLANS*	*CNH NON-U.S. PLANS*	CNH U.S. PLANS	CNH NON-U.S. PLANS
Weighted-average discount rates	*7.25%*	*5.91%*	*7.50%*	*5.92%*
Rate of increase in future compensation	*4.00%*	*3.81%*	*4.00%*	*4.18%*
Weighted-average, long-term rates of return on plan assets	*9.00%*	*7.31%*	*9.00%*	*7.10%*

FOR THE YEAR ENDED DECEMBER 31,	1999			
(NEW HOLLAND AND CASE)	NH U.S. PLANS	NH NON-U.S. PLANS	CASE U.S. PLANS	CASE NON-U.S. PLANS
Weighted-average discount rates	*7.50%*	*5.50%*	*7.50%*	*5.85%*
Rate of increase in future compensation	*4.00%*	*3.80%*	*N/A*	*4.30%*
Weighted-average, long-term rates of return on plan assets	*9.00%*	*7.50%*	*9.00%*	*9.37%*

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,	2001		2000	
(CNH)	CNH U.S. PLANS	CNH CANADIAN PLANS	CNH U.S. PLANS	CNH CANADIAN PLANS
Weighted-average discount rates	7.25%	6.50%	7.50%	6.50%
Rate of increase in future compensation	4.00%	3.50%	3.42%	N/A
Weighted-average, assumed healthcare cost trend rate	8.00%	8.50%	6.50%	8.00%
Weighted-average, assumed ultimate healthcare cost trend rate	5.50%	5.00%	5.50%	5.50%
Year anticipated attaining ultimate healthcare cost trend rate	2006	2008	2002	2005

FOR THE YEAR ENDED DECEMBER 31,	1999		
(NEW HOLLAND AND CASE)	NH U.S. PLANS	CASE U.S. PLANS	CASE CANADIAN PLAN
Weighted-average discount rates	7.50%	7.50%	7.00%
Rate of increase in future compensation	4.00%	3.00%	3.00%
Weighted-average, assumed healthcare cost trend rate	7.50%	7.00%	8.50%
Weighted-average, assumed ultimate healthcare cost trend rate	5.50%	5.50%	5.50%
Year anticipated attaining ultimate healthcare cost trend rate	2002	2002	2005

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

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
FOR THE YEARS ENDED DECEMBER 31,	2001	2000	2001	2000
Change in benefit obligations:				
Actuarial present value of benefit obligation at beginning of measurement period	$ 1,791	$ 1,631	$ 595	$ 598
Service cost	29	37	12	11
Interest cost	114	112	50	44
Plan participants' contributions	7	7	—	—
Actuarial (gain) loss	30	(33)	248	15
Currency fluctuations	(39)	(67)	(2)	—
Gross benefits paid	(132)	(99)	(31)	(29)
Plan amendments	2	24	(31)	(44)
Acquisitions/divestitures	(41)	189	—	—
Curtailment gain	(4)	(10)	—	—
Settlement loss	2	—	—	—
Adjustments to reflect re-measurement of benefit obligation	—	—	22	—
Actuarial present value of benefit obligation at end of measurement period	1,759	1,791	863	595
Change in plan assets:				
Plan assets at fair value at beginning of measurement period	1,526	1,571	—	—
Actual return on plan assets	(88)	36	—	—
Currency fluctuations	(39)	(33)	—	—
Employer contributions	65	57	31	29
Plan participants' contributions	7	7	—	—
Gross benefits paid	(132)	(99)	(31)	(29)
Acquisitions/divestitures	(38)	13	—	—
Adjustments to reflect re-measurement of benefit obligation	—	—	—	—
Plan assets at fair value at end of measurement period	1,301	1,526	—	—
Funded status:	(458)	(265)	(863)	(595)
Unrecognized prior service cost	25	28	(59)	(42)
Unrecognized net loss resulting from plan experience and changes in actuarial assumptions	328	97	268	6
Remaining unrecognized net asset at initial application	—	—	55	64
NET AMOUNT RECOGNIZED AT END OF YEAR	$ (105)	$ (140)	$ (599)	$ (567)

FOR THE YEARS ENDED DECEMBER 31, (IN MILLIONS)	PENSION BENEFITS 2001	PENSION BENEFITS 2000	OTHER POSTRETIREMENT BENEFITS 2001	OTHER POSTRETIREMENT BENEFITS 2000
Amounts recognized in the statement of financial position consist of:				
Prepaid benefit cost	$ 63	$ 167	$ —	$ —
Accrued benefit liability	(399)	(308)	(599)	(567)
Intangible asset	23	—	—	—
Deferred tax assets	89	—	—	—
Accumulated other comprehensive income	119	1	—	—
NET AMOUNT RECOGNIZED AT END OF YEAR	$ (105)	$ (140)	$ (599)	$ (567)

FOR THE YEARS ENDED DECEMBER 31,	PENSION BENEFITS 2001	PENSION BENEFITS 2000	OTHER POSTRETIREMENT BENEFITS 2001	OTHER POSTRETIREMENT BENEFITS 2000
Components of net periodic benefit cost:				
Service cost	$ 29	$ 7	$ 2	$ 11
Interest cost	114	112	50	44
Expected return on assets	(119)	(146)	—	—
Amortization of:				
Transition asset	—	—	9	9
Prior service cost	3	3	(13)	(4)
Actuarial loss	3	—	6	—
Net periodic benefit cost	30	6	64	60
Curtailment (gain) loss	1	17	—	(4)
TOTAL (INCOME) EXPENSE	$ 31	$ 23	$ 64	$ 56

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 $1,744 million, $1,591 million and $1,282 million, respectively, as of December 31, 2001, and $805 million, $755 million and $507 million, respectively, as of December 31, 2000.

Increasing the assumed healthcare cost trend rate by one percentage point would increase the total accumulated postretirement benefit obligation at December 31, 2001, by approximately $72 million, and would increase the aggregate of the service cost and interest cost components of the net 2001 postretirement benefit cost by approximately $7 million. Decreasing the assumed healthcare cost trend rate by one percentage point would decrease the total accumulated postretirement benefit obligation at December 31, 2001, by approximately $60 million, and would decrease the aggregate of the service cost and interest cost components of the net 2001 postretirement benefit cost by approximately $6 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 $10 million and $14 million at December 31, 2001 and 2000, respectively. Programs in other countries are provided through payroll tax and other social contributions in accordance with local statutory requirements.

As required by Italian labor legislation, an accrual for employee severance indemnities has been provided for a portion of CNH's Italian employees' annual salaries, indexed for inflation. At December 31, 2001 and 2000, the indemnity accruals were $72 million and $73 million, 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 plan allows employee elective deferrals on a pretax basis of up to 10% of pay with CNH matching such deferrals at a rate of 70 cents for each dollar deferred. In addition to matching contributions, CNH provides a fixed contribution of five percent of eligible salary per year. During 2001, CNH contributed $15 million and $8 million in matching contributions and fixed contributions, respectively. Subject to CNH's operating results, CNH may make additional profit sharing contributions to the retirement savings plan. CNH made no profit sharing contributions in 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 plan allows employee elective deferrals on a pretax basis of up to 15% of base compensation with CNH matching such deferrals at a rate of 50% on the first 10% of a participant's contribution. During 2001, CNH contributed $5 million in matching contributions.

Prior to January 1, 2001, CNH had various defined contribution plans that covered certain U.S. and non-U.S. employees. New Holland had a savings plan for its U.S. salaried and hourly employees whereby employees could make pretax contributions of up to 15% of base compensation. New Holland would match 50% of the first 10% of a participant's contribution. This matching contribution was directed based on the participant's investment elections. New Holland contributed $5 million to its prior savings plan in 2000. Case had

a retirement savings plan pursuant to the Internal Revenue Code for its U.S. salaried employees. Under the retirement savings plan, certain salaried participants could make pretax contributions of up to 10% of base compensation. Case would match 100% of the first 8% of a participant's contribution in cash. Annually, Case made a fixed contribution to the retirement savings plan equal to 4% of each participant's eligible compensation. During 2000, Case contributed $15 million in matching contributions to its prior retirement savings plan and additional fixed contributions of $3 million in 2000. These contributions are net of forfeitures applied of $8 million in 2000. Subject to CNH's operating results, Case and New Holland may have made additional profit sharing contributions to the retirement savings plan. Case did not make additional profit sharing contributions in 2000.

Note 18: Commitments and Contingencies

➡ **Environmental** CNH is involved in environmental remediation activities with regard to potential liabilities under U.S. federal, U.S. state and non-U.S. environmental laws. These activities involve 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 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 $46 million to $98 million. As of December 31, 2001, environmental reserves of approximately $69 million had been established to address these specific estimated potential liabilities. Such reserves are undiscounted. After considering these reserves, management is of the opinion that the outcome of these matters will not have a material adverse effect on CNH's financial position or results of operations.

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

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

On July 17, 2001, the European Commission issued a Statement of Objections alleging that CNH's French and Italian subsidiaries adopted practices limiting sales outside of dealer territories. CNH submitted a reply to the European Commission and a hearing was held on January 28, 2002, however the Commission has not provided a ruling. The Commission has the power to assess a wide range of fines, penalties and sanctions, which may be significant. Any fines would be assessed by the Commission only after a ruling by the Commission that these subsidiaries engaged in anti-competitive practices. CNH believes that the allegations should be dismissed. However, while CNH intends to appeal the decision if the outcome is unfavorable, any fine that the European Commission might impose could have a material adverse impact on CNH's business, financial condition and results of operations.

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

➡ **Commitments** Minimum rental commitments at December 31, 2001, under non-cancelable operating leases with lease terms in excess of one year are as follows (in millions):

	AMOUNT
2002	*$ 38*
2003	*26*
2004	*19*
2005	*15*
2006 and thereafter	*64*
TOTAL MINIMUM RENTAL COMMITMENTS	$ 162

Total rental expense for all operating leases was $44 million and $38 million for the years ended December 31, 2001 and 2000, respectively.

Note 19: Earnings (Loss) per Share

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

FOR THE YEARS ENDED DECEMBER 31,	*2001*	2000
Basic and Diluted		
Net income (loss)	*$ (332)*	*$ (381)*
Weighted-average shares outstanding	*277*	*213*
BASIC EARNINGS (LOSS) PER SHARE	$ (1.20)	$ (1.79)

Note 20: Segment and Geographical Information

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

➡ **Agricultural Equipment** The agricultural equipment segment manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, combines, cotton pickers, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements and material handling equipment.

➡ **Construction Equipment** The construction equipment segment manufactures and distributes a full line of construction equipment and has leading positions in excavators, crawler dozers, graders, wheel loaders, loader/backhoes, skid steer loaders and trenchers.

➡ **Financial Services** The financial services segment 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 and Australia. CNH provides and administers retail financing to end-use customers for the purchase or lease of new and used CNH and other agricultural and construction equipment sold by CNH dealers and distributors. 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.

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

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

FOR THE YEARS ENDED DECEMBER 31,	2001	2000
Revenues:		
Net sales		
Agricultural equipment	$ 6,073	$ 5,877
Construction equipment	2,957	3,460
Total net sales	9,030	9,337
External financial services	685	704
Intersegment financial services	54	95
Eliminations and other	(54)	(95)
TOTAL	$ 9,715	$ 10,041
Segment profit (loss):		
Agricultural equipment	$ 177	$ (95)
Construction equipment	64	228
Financial services	4	26
TOTAL	$ 245	$ 159
Reconciliation of segment profit (loss) to consolidated net income (loss):		
Segment profit	$ 245	$ 159
Equipment Operations:		
Income tax (provision) benefit	105	159
Interest expense	(585)	(542)
Restructuring and other merger related costs	(97)	(157)
NET INCOME (LOSS)	$ (332)	$ (381)
Investments in unconsolidated subsidiaries and affiliates (at the end of year):		
Agricultural equipment	$ 169	$ 203
Construction equipment	66	55
Financial services	31	24
TOTAL	$ 266	$ 282
Depreciation and amortization:		
Agricultural equipment	$ 232	$ 253
Construction equipment	87	83
Financial services	105	93
TOTAL	$ 424	$ 429
Segment assets (at the end of year):		
Agricultural equipment	$ 6,410	$ 6,895
Construction equipment	2,893	3,275
Financial services	6,352	6,400
Eliminations and other	1,557	1,007
TOTAL	$ 17,212	$ 17,577
Expenditures for additions to long-lived assets*:		
Agricultural equipment	$ 160	$ 134
Construction equipment	61	79
Financial services	330	195
TOTAL	$ 551	$ 408

** 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, 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
AT DECEMBER 31, 2000, AND FOR THE YEAR THEN ENDED:							
TOTAL REVENUES	$ 4,344	$ 406	$ 1,348	$ 1,530	$ 423	$ 1,990	$10,041
LONG-LIVED ASSETS*	$ 1,265	$ 114	$ 141	$ 144	$ 85	$ 368	$ 2,117

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

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

Note 21: Related Party Information

➡ CNH has historically obtained, and may continue to obtain, a significant portion of its external financing and certain foreign exchange and interest rate-related contracts from Fiat and its affiliates, on terms that CNH believes are at least as favorable as those available from unaffiliated third parties. At December 31, 2001, CNH's outstanding debt with Fiat and its affiliates was approximately 60% of its total debt. In addition, Fiat guarantees $802 million of CNH debt outstanding at December 31, 2001. In 2001, CNH paid a guarantee fee of between 0.0625% per annum and 0.125% per annum on the average amount outstanding under facilities guaranteed by Fiat. Reference is made to Note 9, "Short-Term Debt" and Note 10, "Long-Term Debt" for further information regarding financing with Fiat.

CNH purchases some of its engines and other components from the Fiat Group, and companies of the Fiat Group provide CNH administrative services such as accounting and audit, maintenance of plant and equipment, research and development, information systems and training. In addition, CNH sells certain products to subsidiaries and affiliates of Fiat.

CNH's principal purchases of goods from Fiat and its affiliates include diesel engines from Iveco N.V., electric and mechanical components from Magneti Marelli S.p.A., castings from Teksid S.p.A. and lubricants from Fiat Lubrificanti S.p.A. CNH 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, 2001, CNH and its subsidiaries were parties to derivative or other financial instruments having an aggregate contract value of $515 million 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 area 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 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 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. CNH's management believes that the terms of the contracts entered into with Fiat and its affiliates are at least as favorable as those available from unaffiliated third parties.

Additionally, CNH participates in the stock option program of Fiat as described in Note 13, "Shareholders' Equity and Stock-Based Compensation."

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

FOR THE YEARS ENDED DECEMBER 31,	2001	2000
Sales of equipment	$ 13	$ 16
Sales to affiliated companies and joint ventures	199	256
TOTAL SALES TO AFFILIATES	$ 212	$ 272
Purchase of materials, production parts, merchandise and services	$ 239	$ 367
Finance and interest income	$ 31	$ 34
Interest expense	$ 358	$ 291

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

Note 22: Other Accrued Liabilities

➡ A summary of other accrued liabilities is as follows (in millions):

DECEMBER 31,	2001	2000
Warranty provisions	$ 190	$ 256
Marketing and sales incentive programs	321	340
Accrued payroll	126	152
Value-added taxes and other taxes payable	13	250
Other accrued expenses	1,134	870
TOTAL OTHER ACCRUED LIABILITIES	$ 1,784	$ 1,868

Note 23: Guarantee of Subsidiary's Outstanding Debt Securities

➡ At December 31, 2001, CNH fully, unconditionally and irrevocably guaranteed Case's $802 million in outstanding 6.25% Notes due 2003, 7.25% Notes due 2005, and 7.25% Notes due 2016 that were issued pursuant to two registration statements under the Securities Act of 1933, as amended. The condensed financial statements, contained in the Company's Form 20-F filing, present CNH Global N.V. (the parent company and guarantor of the debt securities), Case Corporation (the issuer of the debt securities), and all other subsidiaries.

Note 24: Subsequent Events

➡ In January 2002, CNH finalized its global alliance with Kobelco Construction Machinery Co., Ltd. and Kobe Steel, Ltd. for the development, production and selling of crawler excavators, including mini-excavators, on a worldwide basis.

In January 2002, CNH's second joint venture in China, Shanghai New Holland Agricultural Machinery Corp., Ltd., commenced operations. Shanghai New Holland Agricultural Machinery Corp., Ltd., was formed by an agreement between Shanghai Tractor and Internal Combustion Engine Corporation, a wholly-owned subsidiary of Shanghai Automotive Industry Corporation, and CNH's New Holland brand of agricultural equipment. The joint venture company will manufacture, distribute and ultimately export agricultural tractors under 100 horsepower.

On February 4, 2002, CNH's shareholders approved adoption of certain amendments to the articles of association of CNH, among which is an increase in CNH's authorized share capital to €450 million, divided into 700 million common shares and 300 million preferred shares. In addition, the shareholders have authorized the board of directors to resolve on any future issuance of shares for a period of five years.

➡ Events (unaudited) subsequent to date of auditors' report On March 9, 2002, President Bush signed into law the Job Creation and Workers Assistance Act of 2002 (P.L. 107-147), which temporarily extends the U.S. net operating loss carryback period from two years to five years for net operating losses incurred in 2001 and 2002. In April 2002, the Company filed and received a refund for approximately $105 million relating to the carryback of approximately $270 million of its 2001 net operating losses.

On March 28, 2002, CNH sold $674 million of retail receivables to a qualified special purpose entity ("QSPE") pursuant to an asset-backed securitization transaction in which the QSPE issued $1 billion of securities, backed by the receivables sold, to outside investors. CNH will sell additional retail receivables to the QSPE in the second quarter of 2002 to complete the funding of the transaction. Proceeds from the sale were used to repay outstanding borrowings and finance the origination of new receivables.

Corporate Data

Board of Directors

Jean-Pierre Rosso	> *Director and Chairman*
Paolo Cantarella	> *Director*
Damien Clermont	> *Director*
Alfredo Diana	> *Director*
Edward A. Hiler	> *Director*
Katherine M. Hudson	> *Director*
Kenneth Lipper	> *Director*
Paolo Monferino	> *Director, President and Chief Executive Officer*
James L.C. Provan	> *Director*

Officers

Michel Lecomte	> *Chief Financial Officer, and President, Financial Services and President, CNH Capital*
Richard M. Christman	> *President, Case IH Agricultural Business*
Harold D. Boyanovsky	> *President, Worldwide Agricultural Equipment Products*
Fausto Lanfranco	> *President, Worldwide Construction Equipment Business*
William T. Kennedy	> *President, New Holland Agricultural Business*
Roberto Miotto	> *Senior Vice President, General Counsel and Secretary*
Giovanni B. Ravina	> *Senior Vice President, Human Resources*

Audit Committee

Katherine M. Hudson	> *Chairperson*
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
The Netherlands

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

100 South Saunders Road
Lake Forest, Illinois 60045
USA
Tel: +1 847 955-3910
Fax: +1 847 955-4923

CNH Manufacturing and Sales Locations

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

Investor Information

Annual Meeting

The Annual Meeting of Stockholders will be held at 9 a.m. on May 7, 2002 at the Company's offices in the World Trade Center, 10th floor, Amsterdam Airport, The Netherlands.

Form 20-F and Investor Relations

From June 2002, 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, 2001. 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

Shareholder Services – Dividend Reinvestment Plan

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

Shareholder Services Program
Morgan Guaranty Trust Company
P.O. Box 9073
Boston, Massachusetts, 02205-9948
USA
Morgan Service Center Phone:
> toll free inside USA: +1 800 428-4237
> from outside USA: +1 781 575-7328
> 8:30 a.m. – 6:00 p.m. Eastern Standard Time (USA)

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.

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:

Morgan Guaranty Trust Corporation of New York
60 Wall Street
New York, New York, 10260-0060
USA

Main Corporate Documents Publication Dates

Annual Report 2001	> *April 2002*
First Quarter Interim Report	> *May 2002*
Form 20-F	> *June 2002*
Second Quarter Interim Report	> *September 2002*
Third Quarter Interim Report	> *November 2002*

Auditors

Arthur Andersen, Milwaukee, Wisconsin

CNH GLOBAL N.V. >> > > 100 SOUTH SAUNDERS ROAD LAKE FOREST, ILLINOIS 60045 USA >> WWW.CNH.COM