CNH GLOBAL N V
Form 20-F
April 22, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

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

OR

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

OR

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

COMMISSION FILE NUMBER 1-14528

CNH GLOBAL N.V.
(Exact name of registrant as specified in its charter)

KINGDOM OF THE NETHERLANDS
(State or other jurisdiction of incorporation or organization)

WORLD TRADE CENTER, AMSTERDAM AIRPORT
TOWER B, 10TH FLOOR
SCHIPHOL BOULEVARD 217
1118 BH AMSTERDAM
THE NETHERLANDS
(Address of principal executive offices)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Shares, par value E2.25	New York

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION PURSUANT TO SECTION 15(d) OF THE ACT: NONE

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 131,121,493 Common Shares

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) been subject to such filing requirements for the past 90 days. [X]

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

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

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

in The Netherlands under Dutch law.

CNH combines the operations of New Holland and Case, LLC, formerly Case Corporation ("Case"), as a result of their business merger on November 12, 1999. Effective with the closing of the merger, we changed our name to CNH Global N.V. As used in this report, "CNH" refers to CNH Global N.V. and its consolidated subsidiaries. In addition, "CNH" may refer to New Holland for financial information prior to the merger.

As of December 31, 2002, Fiat S.p.A. ("Fiat") owned approximately 85% of CNH's common shares through Fiat Netherlands Holding N.V. ("Fiat Netherlands"). Fiat is engaged principally in the manufacture and sale of automobiles, commercial vehicles and agricultural and construction equipment. Fiat also manufactures, for use by its automotive sectors and for sale to third parties, other products and systems, principally components, metallurgical products and production systems.

On April 1, 2003, CNH effected a 1-for-5 reverse stock split of its common shares. All references in the Form 20-F and accompanying consolidated financial statements and notes thereto to earnings per share and the number of shares have been retroactively restated to reflect this reverse stock split.

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

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

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

Certain financial information in this report has been presented separately by geographic area. CNH defines its geographic areas as (1) North America, (2) Western Europe, (3) Latin America and (4) Rest of

World. As used in this report, all references to "North America," "Western Europe," "Latin America" and "Rest of World" are defined as follows:

- North America -- United States and Canada.

- Western Europe -- Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

- Latin America -- Mexico, Central and South America, and the Caribbean Islands.

- Rest of World -- Those areas not included in North America, Western Europe and Latin America, as defined above.

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

* * * * *

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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

Our outlook is predominantly based on our interpretation of what we consider key economic assumptions and involves risks and uncertainties that could cause actual results to differ. Crop production and commodity prices are strongly affected by weather and can fluctuate significantly. Housing starts and other construction activity are sensitive to interest rates and government spending. Some of the other significant factors for us include general economic and capital market conditions, the cyclical nature of our business, customer buying patterns and preferences, foreign currency exchange rate movements, our hedging practices, our and our customers' access to credit, political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), technological difficulties, changes in environmental laws, employee and labor relations, pension and health care costs, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm

programs and consumer confidence, housing starts and construction activity, concerns related to modified organisms and fuel and fertilizer costs. Additionally, our achievement of the anticipated benefits of our profit improvement initiatives depends upon, among other things, industry volumes as well as our ability to effectively rationalize operations and to execute our multiple brand strategy. Further information concerning factors that could significantly affect expected results is included in the following sections of this Form 20-F: "Item 3. Key Information;" "Item 4. Information on the Company -- CNH Business Strategy," "-- Competition," "-- Seasonality and Production Schedules" and "-- Environmental Matters;" "Item 5. Operating and Financial Review and Prospects;" and "Item 6. Directors, Senior Management and Employees -- Employees."

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

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA.

The following table sets forth summary historical financial data for CNH for the periods indicated. The historical financial data set forth below as of December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000 has been derived from the audited consolidated financial statements of CNH included herein. Financial data as of December 31, 2000, 1999 and 1998 and for the years ended December 31, 1999 and 1998 has been derived from our published financial statements. CNH acquired Case on November 12, 1999, which approximately doubled the annual revenues and asset base of CNH. The accompanying selected financial data reflects the historical operating results of CNH, including the results of operations of Case since November 12, 1999. As a result of this acquisition, the historical financial statements may not be comparable from year to year.

CNH has presented the selected historical financial data as of and for each of the five years ended December 31, 2002 in accordance with U.S. GAAP.

	FOR THE YEARS ENDED DECEMBER 31,			
	2002	2001	2000	1999
	(IN MILLIONS, EXCEPT PER SHARE DATA)			

STATEMENTS OF OPERATIONS DATA:

Revenues:					
Net sales	$9,331	$9,030	$ 9,337	$5,949	$
Finance and interest income	609	685	704	324	
Total revenues	$9,940	$9,715	$10,041	$6,273	$
Net income (loss) before cumulative effect of change in accounting principle, net of tax	$ (101)	$ (332)	$ (381)	$ 148	$
Cumulative effect of change in accounting principle, net of tax	(325)	--	--	--	
Net income (loss)	$ (426)	$ (332)	$ (381)	$ 148	$
Per share data:					
Basic earnings (loss) per share before cumulative effect of change in accounting principle, net of tax	$(1.05)	$(6.00)	$ (8.95)	$ 4.95	$
Cumulative effect of change in accounting principle, net of tax	(3.35)	--	--	--	
Basic earnings (loss) per share	$(4.40)	$(6.00)	$ (8.95)	$ 4.95	$
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$(1.05)	$(6.00)	$ (8.95)	$ 4.85	$
Cumulative effect of change in accounting principle, net of tax	(3.35)	--	--	--	
Diluted earnings (loss) per share	$(4.40)	$(6.00)	$ (8.95)	$ 4.85	$
Cash dividends declared per common share	$ 0.50	$ 0.50	$ 2.75	$ 2.75	$

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	AS OF DECEMBER 31,				
	2002	2001	2000	1999	1998
BALANCE SHEET DATA:					
Total assets	$16,760	$17,212	$17,577	$17,678	$7,296
Short-term debt	$ 2,749*	$ 3,217	$ 4,186	$ 4,953	$1,682
Long-term debt, including current maturities	$ 5,115*	$ 6,646	$ 5,539	$ 4,558	$1,011
Common shares, E2.25 par value	$ 305	$ 143	$ 143	$ 88	$ 88
Common shares outstanding	131	55	55	30	30
Shareholders' equity	$ 2,761*	$ 1,909	$ 2,514	$ 1,710	$1,784

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* On April 7 and 8, 2003, CNH issued a total of 8 million shares of Series A

Preferred Stock to Fiat and an affiliate of Fiat in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies. On a pro forma basis, assuming that these transactions occurred on December 31, 2002, short-term debt would have been reduced to $1,948 million, long-term debt, including current maturities would have been reduced to $3,916 million and equity, net of $14 million in transaction cost, would have been increased to $4,747 million.

B. CAPITALIZATION AND INDEBTEDNESS.

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS.

Not applicable.

D. RISK FACTORS.

RISKS RELATED TO OUR BUSINESS, STRATEGY AND OPERATIONS

WE MAY NOT FULLY REALIZE, OR REALIZE WITHIN THE ANTICIPATED TIME FRAME, THE BENEFITS OF OUR PROFIT IMPROVEMENT INITIATIVES.

CNH combines the operations of New Holland and Case as a result of their merger on November 12, 1999. A key strategic objective of the merger was the realization of profit improvement initiatives. In 2002, our management broadened the scope of our profit enhancement plan to include opportunities not foreseen in the synergies of the original merger integration plan. Some of these additional initiatives have already been implemented in 2002. In total, we anticipate that the original plan's synergies, together with the new initiatives, will yield a total of $850 million in profit improvements by the end of 2005 as compared to the base levels of revenues and costs incurred in the combined operation of New Holland and Case for the full year 1999. As of December 31, 2002, we have achieved a total of $547 million toward the target of $850 million in profit improvement initiatives by the end of 2005. Our ability to realize the remaining profit improvement initiatives by year-end 2005 depends on, among other things, our ability to complete the following cost-containment initiatives:

- Reduction of manufacturing cost -- Through February 2003, we have divested, closed or reconfigured approximately 17 plants and 6 parts depots in order to concentrate production in lower-cost plants and increase capacity utilization. We are in the process of closing or reconfiguring 4 major plants. In addition, we need to complete our plans for outsourcing non-core manufacturing activities.

- Rationalization of supplier base and global sourcing -- We have undertaken a project to rationalize our supplier base, reducing the number of our suppliers from over 6,000 to approximately 3,000 by 2004. By the end of 2002, we had reduced the number of our suppliers to approximately 4,100.

Additionally, we are actively exploring options to source parts from lower cost countries, which provide the necessary quality and an uninterrupted supply.

Our failure to complete these initiatives could cause us not to realize fully our anticipated profit improvements, which could weaken our competitive position and adversely affect our financial condition and results of operations.

OUR SUCCESS DEPENDS ON THE IMPLEMENTATION OF NEW PRODUCT INTRODUCTIONS, WHICH WILL REQUIRE SUBSTANTIAL EXPENDITURES.

Our long-term results depend upon our ability to introduce and market new products successfully. The success of our new products will depend on a number of factors, including:

- the economy;

- competition;

- customer acceptance; and

- the strength of our dealer networks.

As both we and our competitors continuously introduce new products or refine versions of existing products, we cannot predict the market shares our new products will achieve. Over the next few years, we expect that new products will generate a substantial portion of our revenues. Any manufacturing delays or problems with our new product launches could adversely affect our operating results. We have experienced delays in the introduction of new products in the past and we cannot assure you that we will not experience delays in the future. In addition, introducing new products could result in a decrease in revenues from our existing products. You should read the discussion under the heading "Item 4. Information on the Company -- Business Overview -- Products and Markets" for a more detailed discussion regarding our new and existing products.

Consistent with our strategy of offering new products and product refinements, we expect to continue to use a substantial amount of capital for further product development and refinement. We may need more capital for product development and refinement than is available to us, which could adversely affect our business, financial position or results of operations.

PRODUCTION CAPACITY CONSTRAINTS AND INVENTORY FLUCTUATIONS COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Changes in demand for our products and our program to rationalize our manufacturing facilities and realign our manufacturing process have at times resulted in, and may in the future result in, temporary constraints upon our ability to produce the quantities necessary to fill orders and thereby effect sales in a timely manner. A prolonged delay in our ability to fulfill orders on a timely basis could adversely affect our operations. In addition, we rely upon single suppliers for certain components, primarily those that require joint development between us and our suppliers. An interruption in the supply of or a significant increase in the price of any component part could adversely affect our profitability or our ability to obtain and fulfill orders. Moreover, our continuous development and production of new products often involves the retooling of existing manufacturing facilities. This retooling may limit our production capacity at certain times in the future, which could adversely affect our results of operations.

Our sales are influenced by the volume of inventories of finished products maintained by us and our dealers. Our management believes that we and our dealers have generally managed inventories in a relatively prudent manner, which could cause us to lose certain sales as a result of product unavailability at certain locations during periods of increased demand. However, in periods of sudden declines in industry demand, larger inventories could lead to substantial excesses in supply over demand, causing future reductions in our manufacturing schedules and adversely affecting our operating results.

OUR UNIONIZED LABOR FORCE AND OUR CONTRACTUAL AND LEGAL OBLIGATIONS UNDER COLLECTIVE BARGAINING AGREEMENTS AND LABOR LAWS COULD SUBJECT US TO GREATER RISKS OF WORK INTERRUPTION OR STOPPAGE AND IMPAIR OUR ABILITY TO ACHIEVE COST SAVINGS.

Labor unions represent most of our production and maintenance employees worldwide. Although we believe our relations with our unions are positive, we cannot be certain that future issues with labor unions will be resolved favorably or that we will not experience a work interruption or stoppage which could adversely affect our business.

In Europe, our employees are protected by various worker protection laws which afford employees, through local and central works councils, rights of consultation with respect to specific matters involving their employers' business and operations, including the downsizing or closure of facilities and employment terminations. These laws and the collective bargaining agreements to which we are subject could impair our flexibility in streamlining existing manufacturing facilities and in restructuring our business.

AN INCREASE IN HEALTH CARE OR PENSION COSTS COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Health care inflation rates have increased significantly, leading to higher costs for both active and retired employees. Should such inflation rates continue, we may record additional charges or make changes to our benefit plans. In addition, recent fluctuations in the financial markets have caused the valuation of the assets in our defined benefit pension plans to decrease, which has resulted in an under-funding of some of our defined benefit pension plans and the recognition of a minimum pension liability on our balance sheet. We cannot assure you that future fluctuations in the financial markets will not result in additional under-funding of our defined benefit pension plans and require contributions by us that could adversely affect our financial position.

FUTURE UNANTICIPATED EVENTS MAY REQUIRE US TO TAKE ADDITIONAL RESERVES RELATING TO OUR NON-CORE FINANCING ACTIVITIES.

Beginning in 1998, as part of a diversification strategy for its Financial Services operations, Case expanded into the financing of trucks and trailers, marine vessels and agricultural and construction equipment sold through its competitors' dealers. As a result of a deterioration in these markets, we recorded significant losses in 2000, 2001 and 2002 in our Financial Services operations. Non-core financing activities were discontinued during 2001. During 2002, the non-core portfolio decreased 39% due to liquidations and write-offs, and the non-core portfolio loss provision also decreased. We believe we have established adequate reserves for possible losses on these receivables from our non-core financing activities. However, future unanticipated events may affect our customers' ability to repay their obligations or reduce the value of the underlying assets and therefore require us to increase our reserves, which could materially adversely affect our financial position and results of operations.

WE ARE SUBJECT TO CURRENCY EXCHANGE RATE FLUCTUATIONS AND INTEREST RATE CHANGES, WHICH COULD ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE.

We conduct operations in many areas of the world involving transactions denominated in a variety of currencies. We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. Similarly, changes in interest rates affect our results of operations by increasing or decreasing borrowing costs and finance income. In 2002, unfavorable currency exchange rate fluctuations had an adverse impact on our results of operations, while lower interest rates had a slightly favorable impact. We manage these risks, which arise in the ordinary course of

business, through the use of financial hedging instruments. We have historically entered into, and expect to continue to enter into hedging arrangements, a substantial portion of which are with counterparties that are members of the Fiat Group. As with all hedging instruments, there are risks associated with the use of foreign currency forward exchange contracts, as well as interest rate swap agreements and other risk management contracts. While the use of such hedging instruments provides us with protection from certain fluctuations in currency exchange and interest rates, we potentially forego the benefits that might result from favorable fluctuations in currency

exchange and interest rates. In addition, any default by the counterparties to these transactions, including by counterparties that are members of the Fiat Group, could adversely affect us.

Despite our use of financial hedging transactions, we cannot assure you that currency exchange rate or interest rate fluctuations will not adversely affect our results of operations, cash flow, financial position or the price of our common shares.

WE ARE EXPOSED TO POLITICAL, ECONOMIC AND OTHER RISKS FROM OPERATING A MULTINATIONAL BUSINESS.

Our business is multinational and subject to the political, economic and other risks that are inherent in operating in numerous countries. These risks include those of adverse government regulation, including the imposition of import and export duties and quotas, currency restrictions, expropriation and potentially burdensome taxation. We cannot predict with any degree of certainty the costs of compliance or other liability related to such laws and regulations in the future and such future costs could significantly affect our business, financial position and results of operations.

On July 17, 2001, the European Commission issued a Statement of Objections alleging that our French and Italian subsidiaries adopted practices leading to the prevention of sales outside of dealer territories. As of the date of this report, the European Commission had not provided a ruling. See "Item 4. Description of Business -- Legal Proceedings and Regulation". We believe that the allegations should be dismissed. However, we are unable to predict the outcome of this proceeding and, while we intend to appeal the decision if the outcome is unfavorable, we cannot assure you that any fine the Commission might impose would not have a material adverse impact on our business, financial position and results of operations.

Political developments and government regulations and policies in the countries in which we operate directly affect the demand for agricultural equipment. For example, a decrease or elimination of current price protections for commodities in the European Union or of subsidy payments for farmers in the United States would likely result in a decrease in demand for agricultural equipment. A decrease in the demand for agricultural equipment could adversely affect our sales, growth and results of operations.

RISKS PARTICULAR TO THE INDUSTRIES IN WHICH WE OPERATE

WE OPERATE IN A HIGHLY CYCLICAL INDUSTRY, WHICH COULD ADVERSELY AFFECT OUR GROWTH AND RESULTS OF OPERATIONS.

Our business depends upon general activity levels in the agricultural and construction industries. Historically, these industries have been highly cyclical. Our Equipment Operations and Financial Services operations are subject to many factors beyond our control, such as:

- the credit quality, availability and prevailing terms of credit for customers;

- our access to credit;

- adverse geopolitical, political and economic developments in our existing markets;

- the response of our competitors to adverse cyclical conditions; and

- dealer inventory management.

In addition, our operating profits are susceptible to a number of industry-specific factors, including:

Agricultural Equipment Industry

- changes in farm income and farm land value;

- the level of worldwide farm output and demand for farm products;

- commodity prices;

- government agricultural policies and subsidies;

- limits on agricultural imports; and

- weather.

Construction Equipment Industry

- prevailing levels of construction, especially housing starts, and levels of industrial production;

- public spending on infrastructure;

- volatility of sales to rental companies;

- real estate values; and

- interest and inflation rates.

Financial Services

- cyclical nature of the above mentioned agricultural and construction equipment industries which are the primary markets for our financial services;

- interest rates;

- general economic and capital market conditions; and

- used equipment prices.

The nature of the agricultural and construction equipment industries is such that a downturn in demand can occur suddenly, resulting in excess inventories and production capacity and reduced prices for new and used equipment. These downturns may be prolonged and may result in significant losses to us during affected periods. Equipment manufacturers, including us, have

responded to downturns in the past by reducing production and discounting product prices. These actions have resulted in restructuring charges and lower earnings for us in past affected periods. In the event of future downturns, we may need to undertake additional restructuring. Our profit improvement initiatives will require additional restructuring charges in future periods.

SIGNIFICANT COMPETITION IN THE INDUSTRIES IN WHICH WE OPERATE MAY RESULT IN OUR COMPETITORS OFFERING NEW OR BETTER PRODUCTS AND SERVICES OR LOWER PRICES, WHICH COULD RESULT IN A LOSS OF CUSTOMERS AND A DECREASE IN OUR REVENUES.

The agricultural equipment industry is highly competitive, particularly in North America, Europe, Australia and Latin America. We compete primarily with large global full-line suppliers, including Deere & Company and AGCO Corporation; manufacturers focused on particular industry segments, including Kubota Corporation and various implement manufacturers; regional manufacturers in mature markets, including Claas KgaA / Renault, Landini and SAME Duetz-Fahr Group, that are expanding worldwide to build a global presence; and local, low cost manufacturers in individual markets, particularly in emerging markets such as Eastern Europe, India and China.

The construction equipment industry is highly competitive, particularly in Western Europe, North America, Latin America and the Asia Pacific region. We compete primarily with global full-line suppliers with a presence in every market and a broad range of products that cover most customer needs, including Caterpillar, Komatsu Construction Equipment and Volvo Construction Equipment Corporation; regional full-line manufacturers, including Deere & Company, J.C. Bamford Excavators Ltd., Liebherr-Holding GmbH and Terex; and product specialists operating on either a global or a regional basis, including Ingersoll-Rand Company (Bobcat), Hitachi Ltd., Sumitomo Construction, Manitou B.F., Merlo UK Ltd., Gehl Company, Mustang Manufacturing Company, Inc., Yanmar Agricultural Equipment Co. Ltd. and Kubota Corporation.

In 2002, we terminated our European alliance with Hitachi Construction Machinery, Ltd. ("Hitachi") and finalized our global alliance with Kobelco Construction Machinery Co. Ltd. ("Kobelco Japan"). See "Item 4. Description of Business -- Products and Markets -- New Products and Markets -- International

Joint Ventures". Our alliance with Kobelco Japan has led to an increase in competition with Hitachi, which has a more established brand and is pursuing former Fiat-Hitachi distribution outlets.

If we are unable to compete successfully with other agricultural or construction equipment manufacturers, we could lose customers and our revenues may decline. In addition, competitive pressures in the agricultural and construction equipment businesses may affect the market prices of our new and used equipment, which, in turn, may adversely affect our sales margins and results of operations as well as the profitability of our Financial Services operations.

Banks, finance companies and other financial institutions compete with our Financial Services operations. We may be unable to compete successfully in our Financial Services operations with larger companies that have substantially greater resources or that offer more services than we do.

STRUCTURAL DECLINES IN THE DEMAND FOR AGRICULTURAL OR CONSTRUCTION EQUIPMENT COULD ADVERSELY AFFECT OUR SALES AND RESULTS OF OPERATIONS.

The agricultural equipment business, in North America and Western Europe, experienced a period of major structural decline in the number of tractors and

combines sold and substantial industry-wide overcapacity during the 1970s, 1980s and early 1990s followed by a period of consolidation among agricultural equipment manufacturers. This unit decline was consistent with farm consolidation and the decline in the number of farms and the corresponding increase in average farm size and machinery capacity. Throughout this period, these machines were principally used for farming applications. Industry volumes reached a low in North America in 1992 and in Western Europe in 1993.

Beginning in the early 1990s a new non-farm customer market began to emerge for the under 40 horsepower tractors among homeowners, turf and land care industries, commercial contractors, public agencies, rental businesses, golf courses, hobby and part time farmers and industrial plants. Market demand in this segment has continued to increase through 2002 and has evolved to include higher horsepower tractors in the 40 to under 100 horsepower segment, in which industry volumes in North America also have tended to increase since 1997. For higher horsepower tractors and combines, following a brief period of increasing industry volumes in the mid to late 1990s, the number of units sold began to decline again in 1997 in North America and in 1999 in Western Europe. In North America, this decline continued through 2000, but unit sales increased in 2001 and then declined again in 2002. In Western Europe, industry unit sales of over 40 horsepower tractors and combines declined in 2000 and 2001 but increased in 2002.

Outside of North America and Western Europe industry unit sales of tractors and combines have generally tended to increase since 1992 and increased in 2002 compared with 2001, such that worldwide industry unit sales of tractors and combines increased in 2002 compared with 2001. Our sales of agricultural equipment increased in 2002 in line with the industry. In response to these adverse structural conditions, many companies, including us, have undertaken restructuring programs to further reduce capacity. We cannot assure you that the agricultural equipment industry, and in particular the sales of higher horsepower tractors and combines, will not continue to experience declines or that unit sales of the higher horsepower tractors and combines will ever return to levels experienced in the mid to late 1990s.

The construction equipment business in North America and Western Europe also experienced a major decline in the number of both heavy and light equipment units sold during 2001 and 2002. Our sales of construction equipment declined in line with the industry unit sales in those areas, as our sales are more concentrated in those geographic areas. As with the agricultural equipment industry, we cannot assure you that the North American and Western European construction equipment industry will not continue to experience a decrease in demand.

In 2002, we recorded a one-time, non-cash charge of approximately $325 million to reduce the carrying value of goodwill attributed to our Construction Equipment reporting unit. This charge primarily reflects the decline in the construction equipment market that we and our competitors have experienced since the merger.

We cannot assure you that further decreases in demand will not result in additional impairment charges by our various reporting units in the future.

A decrease in industry-wide demand for agricultural and construction equipment or a lack of recovery in the number of unit sales could result in lower sales of our equipment and hinder our ability to operate profitably.

We have a significant deferred tax asset recorded as a result of U.S. Federal tax loss carryforwards, the realization of which is currently considered

to be more likely than not. This determination was based, in part, on the expectation of sufficient future U.S. taxable income prior to the years in which the carryforwards expire. A further decrease in demand, a lack of recovery in unit sales or other factors could affect the operating results of our various reporting units. This could result in us determining that it is more likely than not that some or all of the deferred tax assets currently recorded will not be realized. This would adversely affect our results of operations and financial position.

AN OVERSUPPLY OF USED AND RENTAL EQUIPMENT MAY ADVERSELY AFFECT OUR SALES AND RESULTS OF OPERATIONS.

In recent years, short-term lease programs and commercial rental agencies for agricultural and construction equipment have expanded significantly in North America. In addition, there has been consolidation of some commercial rental agencies into nationwide rental conglomerates, such as United Rentals, Inc. and NationsRent, Inc., some of which have experienced financial distress and sought bankruptcy protection. These larger rental companies have become sizeable purchasers of new equipment and can have a significant impact on total industry sales, particularly in light construction equipment.

When this equipment comes off lease or is replaced with newer equipment by rental agencies, there may be a significant increase in the availability of late-model used equipment which could adversely impact used equipment prices. If used equipment prices decline significantly, sales of new equipment could be depressed. As a result, an oversupply of used equipment could adversely affect demand for, or the market prices of, our new and used equipment. In addition, a decline in used equipment prices could have an adverse effect on residual values for leased equipment, which could adversely affect our results of operations and financial position.

THE AGRICULTURAL EQUIPMENT INDUSTRY IS HIGHLY SEASONAL, AND SEASONAL FLUCTUATIONS MAY CAUSE OUR RESULTS OF OPERATIONS AND WORKING CAPITAL TO FLUCTUATE SIGNIFICANTLY FROM QUARTER TO QUARTER.

The agricultural equipment business is highly seasonal, because farmers traditionally purchase agricultural equipment in the spring and fall in connection with the main planting and harvesting seasons. Our net sales and income from operations have historically been the highest in the second quarter reflecting the spring selling season and lowest in the third quarter when many of our production facilities experience summer shut down periods, especially in Europe. Seasonal conditions also affect our construction equipment business, but to a lesser extent.

Our production levels are based upon estimated retail demand. These estimates take into account the timing of dealer shipments, which occur in advance of retail demand, dealer inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use of manpower and facilities. We adjust our production levels to reflect changes in estimated demand, dealer inventory levels, labor disruptions and other matters within our control. However, because we spread our production and wholesale shipments throughout the year to take into account the factors described above, wholesale sales of agricultural equipment products in any given period may not reflect the timing of dealer orders and retail demand.

Estimated retail demand may exceed actual production capacity in any given calendar quarter because we spread the production throughout the year. If retail demand is expected to exceed production capacity for a quarter, then we may schedule higher production in anticipation of the expected retail demand. Often we anticipate that spring selling season demand may exceed production capacity in that period and schedule higher production, company and dealer inventories and wholesale shipments to dealers in the first quarter of

the year. Thus our working capital and dealer inventories are generally at their highest levels during the February to May period, and decline to the end of the year as both company and dealers' inventories are reduced.

As economic, geopolitical, weather and other conditions may change during the year and as actual industry demand might differ from expectations, we cannot assure you that sudden or significant declines in industry demand would not adversely affect our working capital and debt levels, financial position or results of operations.

WE ARE SUBJECT TO EXTENSIVE ENVIRONMENTAL LAWS AND REGULATIONS, AND OUR COSTS RELATED TO COMPLIANCE WITH, OR OUR FAILURE TO COMPLY WITH, EXISTING OR FUTURE LAWS AND REGULATIONS COULD ADVERSELY AFFECT OUR BUSINESS AND RESULTS OF OPERATIONS.

Our operations and products are subject to increasingly stringent environmental laws and regulations in the countries in which we operate. Such regulations govern, among other things, emissions into the air, discharges into water, the use, handling and disposal of hazardous substances, waste disposal and the remediation of soil and groundwater contamination. We regularly expend significant resources to comply with regulations concerning the emissions levels of our manufacturing facilities and the emissions levels of our equipment products. In addition, we are currently conducting environmental investigations or remedial activities at a number of our properties. We expect to make environmental and related capital expenditures in connection with reducing the emissions of our existing facilities and our manufactured equipment in the future, depending on the levels and timing of new standards. In 2002, we capitalized approximately $7 million of costs relating to compliance with environmental regulations. Our costs of complying with these or any other current or future environmental regulations may be significant. In addition, if we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions.

RISKS RELATED TO OUR SUBSTANTIAL INDEBTEDNESS

OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

We are highly leveraged and have substantial debt in relation to our shareholders' equity. As of December 31, 2002, we had an aggregate of $7,864 million of outstanding indebtedness, and we are heavily dependent on asset-backed securitization ("ABS") transactions to fund our Financial Services activities in North America and Australia. On April 7 and 8, 2003, CNH issued a total of 8 million shares of Series A Preferred Stock to Fiat and an affiliate of Fiat in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies. On a pro forma basis, giving effect to this transaction, we had an aggregate of $5,864 million of outstanding indebtedness as of December 31, 2002.

Our high level of debt could have important consequences, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes, which could put us at a competitive disadvantage;

- we will need to use a substantial portion of our cash flow from operations to pay principal of and interest on our debt, which will reduce the amount of funds available to us for other purposes;

- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable in the event of a downturn in general economic conditions or our business; and

- we may not be able to access the ABS markets on as favorable terms, which may adversely affect our ability to fund our Financial Services business.

Our ability to satisfy our debt obligations will depend on our ability to generate cash in the future. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If the cash flow from our operating activities is insufficient, we may need to take actions to raise or conserve cash, such as delaying or reducing capital expenditures, attempting to restructure or refinance our debt, selling assets or operations, or seeking additional equity capital. Any or all of

these actions may not be sufficient to allow us to service our debt obligations. Further, we may be unable to take any of these actions on satisfactory terms, in a timely manner or at all. The failure to generate sufficient funds to pay our debts or to successfully undertake any of these actions could, among other things, materially adversely affect our business and the market value of our common shares.

RESTRICTIVE COVENANTS IN OUR DEBT INSTRUMENTS COULD LIMIT OUR FINANCIAL AND OPERATING FLEXIBILITY AND SUBJECT US TO OTHER RISKS.

The agreements governing our indebtedness include certain covenants that restrict, among other things:

- sales and leaseback of assets above certain levels of tangible assets;

- the creation of certain liens; and

- consolidations, mergers and transfers of all or substantially all of our assets.

We are currently in compliance with the covenants and restrictions contained in our debt agreements. However, our ability to continue to comply with such agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. In addition, upon the occurrence of an event of default under our debt agreements, the lenders could elect to declare all amounts outstanding under our debt agreements, together with accrued interest, to be immediately due and payable.

CREDIT DOWNGRADES OF US AND FIAT HAVE AFFECTED OUR ABILITY TO BORROW FUNDS AND MAY CONTINUE TO DO SO.

Our ability to borrow funds and our cost of funding depend on our and Fiat's credit ratings, as Fiat currently provides us with direct funding, as well as guarantees in connection with some of our external financing arrangements.

Beginning in the fourth quarter of 2000 and continuing through April 2001, Case, Case Credit Corporation and New Holland Credit Company suffered a series of credit rating downgrades which resulted in all three companies being rated below investment grade. The immediate impact of these ratings downgrades was to preclude us from accessing the commercial paper market through the New Holland Credit Company, Case Credit Company and Case programs. On a longer term basis, as we have renewed a number of borrowing facilities during 2001 and 2002, we

have found that the terms offered to us have been adversely impacted as a result of these rating actions.

Credit ratings actions during 2002 included:

- In April 2002, Standard & Poor's placed Fiat's A-3 short-term corporate credit rating on credit watch with negative implications. At the same time, Standard & Poor's A-3 short-term rating for New Holland Credit Company's U.S. commercial paper program, which is guaranteed by Fiat, was placed on credit watch with negative implications. In June 2002, Moody's lowered its short-term and long-term debt ratings of Fiat to P-3 and Baa3 from P-2 and Baa2, respectively, with a negative outlook. In addition, Moody's lowered the short-term debt rating of New Holland Credit to P-3 from P-2, with a negative outlook.

- In November 2002, Standard & Poor's affirmed the long-term debt ratings of CNH, Case and Case Credit Corporation at BB and removed them from credit watch, with a stable outlook. In November 2002, Moody's announced that it was reviewing the long-term debt rating of Ba2 for CNH, Case and Case Credit Corporation for possible downgrade in connection with the rating agency's decision to review the debt ratings of Fiat. In November 2002, Fitch Ratings lowered its long-term debt ratings of Fiat to BBB- from BBB and affirmed its short-term debt rating of F-3, with a negative outlook. At the same time, its F-3 short term rating for New Holland Credit was affirmed.

- In December 2002, Moody's lowered its short-term and long-term debt ratings of Fiat to Not-Prime and Ba1 from P-3 and Baa3, respectively, with a negative outlook. At the same time, Moody's lowered the short-term debt rating of New Holland Credit to Not-Prime, with a negative outlook.

In March 2003, Standard & Poor's Rating Services assigned a BB+ rating with negative outlook to Fiat's long-term debt. At the same time, Standard & Poor's lowered the rating of Fiat's short-term commercial paper from A-3 to B. In the same month, Fitch Ratings lowered its rating of Fiat's medium term debt from BBB- to BB+ and Fiat's short-term debt from F3 to B.

We cannot assure you that the rating agencies will not further downgrade our or Fiat's credit ratings. These downgrades have already affected our ability to borrow funds, and further ratings downgrades of either our or Fiat's debt could adversely affect our ability to access the capital markets or borrow funds at current rates and therefore could put us at a competitive disadvantage. Our E155 million securitization program for the sale of European receivables contains a provision that might require us to terminate the sale of receivables into the facility in the event of a ratings downgrade of Fiat's long-term unsecured debt below BB- (by Standard & Poor's) or Ba3 (by Moody's). We are attempting to restructure this facility so that a ratings downgrade is linked to an increase in the level of the collateral, instead of the termination of the sale of receivables into the facility. However, we cannot ensure that our efforts will be successful.

CNH CAPITAL'S PERFORMANCE IS DEPENDENT ON ACCESS TO FUNDING AT COMPETITIVE RATES.

Access to funding at competitive rates is key to the growth of CNH Capital's core business and expansion of its financing activities into new product and geographic markets. Further ratings downgrades of either our or Fiat's debt could adversely affect CNH Capital's ability to continue to offer attractive financing to its dealers and end-user customers. On a global level,

we will continue to evaluate alternatives to ensure that CNH Capital continues to have access to capital on favorable terms in support of its business, including through equity investments by global or regional partners in joint venture or partnership opportunities, new funding arrangements or a combination of any of the foregoing, similar to our arrangement entered in 2002 with BNP Paribas Lease Group ("BPLG"), which broadened our product offerings throughout Europe.

In the event that we were to consummate any of the above-described alternatives relating to CNH Capital, it is likely that there would be a material impact on CNH Capital's results of operations, financial position, liquidity and capital resources.

RISKS RELATED TO OUR RELATIONSHIP WITH FIAT

BECAUSE FIAT OWNS A SIGNIFICANT MAJORITY OF OUR CAPITAL STOCK, INVESTORS WILL NOT BE ABLE TO AFFECT THE OUTCOME OF ANY SHAREHOLDER VOTE OR CHANGE IN CONTROL.

Fiat owns, indirectly through Fiat Netherlands, approximately 85% of our outstanding common shares as of December 31, 2002. On April 7 and 8, 2003, CNH issued a total of 8 million shares of Series A Preferred Stock to Fiat and an affiliate of Fiat in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies. This transaction increased Fiat's voting power to approximately 86% of our outstanding capital stock. On a converted basis, this transaction would increase Fiat's ownership of our common stock to approximately 92%. For as long as Fiat continues to own shares representing more than 50% of the combined voting power of our capital stock, it will be able to direct the election of all of the members of our board of directors and determine the outcome of all matters submitted to a vote of our shareholders, including matters involving:

- mergers or other business combinations;

- the acquisition or disposition of assets;

- the incurrence of indebtedness; and

- the payment of dividends on our common shares.

Fiat's high level of ownership of our shares may have the effect of delaying, deterring or preventing a change in control, may discourage bids for our common shares at a premium over their market price and may otherwise adversely affect the market price of our common shares.

OUR TRANSACTIONS WITH FIAT MAY CREATE CONFLICTS OF INTEREST DUE TO FIAT'S OWNERSHIP OF OUR CAPITAL STOCK.

We rely on Fiat to provide us with financial support, and we purchase goods and services from Fiat. Fiat's ownership of a substantial majority of our capital stock and ability to direct the election of all the members of our board of directors could create, or appear to create, potential conflicts of interest when Fiat is faced with decisions that could have different implications for Fiat and us.

IN THE EVENT THAT FIAT IS UNABLE TO CONTINUE TO FINANCE OUR OPERATIONS OR PROVIDE US WITH CERTAIN PRODUCTS AND SERVICES, OUR COSTS COULD INCREASE, WHICH WOULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Fiat has informed us that it is contemplating various financial restructuring alternatives in order to strengthen its operations, and we cannot predict what effect, if any, this will have on our results of operations or financial position. We currently rely on Fiat to provide either guarantees or funding in connection with some of our external financing needs, including the short-term credit facilities that we used to finance the merger of Case and New Holland. Fiat has agreed to maintain its existing treasury and debt financing arrangements with us for as long as it maintains control of us and, in any event, at least until December 31, 2004. After that time, Fiat has committed that it will not terminate our access to these financing arrangements without affording us an appropriate time period to develop suitable substitutes. The terms of any alternative sources of financing may not be as favorable as those provided or facilitated by Fiat. We also rely on Fiat to provide us with some other financial products to hedge our foreign exchange and interest rate risk, cash management services and other accounting and administrative services. The terms of any alternative sources of these products or services may not be as favorable as those provided or facilitated by Fiat.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY.

CNH Global N.V. is a corporation organized under the laws of the Kingdom of The Netherlands, with a registered office in the World Trade Center, Amsterdam Airport, Tower B, 10th Floor, Schiphol Boulevard 217, 1118 BH Amsterdam, The Netherlands (telephone number: +(31)-20-46-0429). It was incorporated on August 30, 1996. CNH's agent for purposes of service of process in the United States is Roberto Miotto, 100 South Saunders Road, Lake Forest, Illinois 60045 (telephone number: +(1)-847-955-3910).

We are a leading manufacturer of agricultural equipment throughout the world, the third largest manufacturer of construction equipment and one of the world's largest equipment finance companies. We combine the operations of New Holland and Case as a result of their business merger on November 12, 1999. Effective with the closing of the merger, New Holland changed its name to CNH. As used in this report, all references to "New Holland" or "Case" refer to (1) the pre-merger business and/or operating results of either New Holland or Case on a stand-alone basis, or (2) the continued use of the New Holland and Case product brands.

In approving the merger, the European and U.S. regulatory authorities identified a number of competitive concerns related to the combined operations of Case and New Holland in specified product lines and markets. We have addressed these competitive concerns by divesting the required product lines and facilities.

For information on our acquisitions and divestitures see Note 3, "Acquisitions and Divestitures of Businesses and Investments" to the Consolidated Financial Statements.

B. BUSINESS OVERVIEW.

GENERAL

We are one of the world's leaders in the engineering, manufacturing, marketing and distribution of agricultural and construction equipment. We organize our operations into three business segments: agricultural equipment, construction equipment and financial services. We believe that we are one of the largest

manufacturers of agricultural equipment in the world based on units sold, one of the largest manufacturers of construction equipment based on units sold and have one of the industry's largest equipment finance operations.

We market our products globally through our highly recognized Case, Case IH, New Holland, Steyr, Fiat Kobelco, FiatAllis, Kobelco, and O&K brand names. We manufacture our products in 45 facilities throughout the world and distribute our products in over 160 countries through an extensive network of approximately 12,400 dealers and distributors.

We are the only global, full-line company in both the agricultural and construction equipment industries, with strong and usually leading positions in every significant geographic and product category in both businesses. Our global scope and scale includes integrated engineering, manufacturing, marketing and distribution of equipment on five continents.

In agricultural equipment, we believe we are one of the leading global manufacturers of agricultural tractors and we also have leading positions in combines, hay and forage equipment and specialty harvesting equipment. In construction equipment, we are the world leader in backhoe loaders, second in the world in skid steer loaders and the market leader in Western Europe in crawler excavators. In addition, we provide a complete range of replacement parts and services to support our equipment. In 2002, our sales of agricultural equipment represented approximately 64% of our net revenues, sales of construction equipment represented approximately 29% of our net revenues and Financial Services represented approximately 7% of our net revenues.

We believe that we are the most geographically diversified manufacturer and distributor of agricultural equipment in the industry. In 2002, approximately 44% of our net sales were generated from sales in North America, approximately 36% in Western Europe, approximately 7% in Latin America and approximately 13% in the Rest of World. Our broad manufacturing base includes facilities in Europe, Latin America, North America, Australia, China, India, and Uzbekistan.

In North America, we offer a range of Financial Services products, including retail financing for the purchase or lease of new and used CNH and other equipment manufacturers' products and other retail financing programs. To facilitate the sale of our products, we offer wholesale financing to dealers. Wholesale financing consists primarily of floor plan financing and allows dealers to maintain a representative inventory of products. Our retail financing alternatives are intended to be competitive with financing available from third parties. We offer retail financing in Brazil and Australia through wholly owned subsidiaries and in Western Europe through our BPLG joint venture. These activities represent future growth opportunities. At December 31, 2002, our serviced portfolio of receivables, including receivables owned and receivables serviced for others, was approximately $12 billion.

RECENT DEVELOPMENTS

The Board of Directors of CNH recommended a dividend of $0.25 per common share on March 5, 2003. The dividend will be payable on June 2, 2003 to shareholders of record at the close of business on May 19, 2003. Declaration of the dividend is subject to approval at the Annual General Meeting, which will be held on May 8, 2003.

On March 27, 2003, CNH's shareholders approved, at an Extraordinary General Meeting, adoption of certain amendments to the Articles of Association of CNH, including an increase in CNH's authorized share capital to E1,350 million, divided into 400 million common shares and 200 million Series A preference shares with a per share par value of E2.25.

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

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

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

The debt retired in this transaction is detailed below:

MATURITY	AMOUNT (IN THOUSANDS)	INTEREST RATE
April 3, 2003	$ 800,880	2.28%-4.45%
October 14, 2003	199,120	3.95%
November 13, 2003	200,000	4.69%
November 25, 2003	100,000	4.69%
October 5, 2004	100,000	7.92%
October 2, 2005	600,000	7.81%
Total	$2,000,000	

The following unaudited pro forma balance sheet data illustrate the impact of issuing 8 million shares of Series A Preferred Stock in exchange for the retirement of $2 billion of Equipment Operations indebtedness, which occurred on April 7 and 8, 2003, as if the transactions had occurred on December 31,

2002. The unaudited pro forma balance sheet data should be read in conjunction with the consolidated financial statements and notes thereto, set forth

elsewhere in this Form 20-F.

UNAUDITED PRO FORMA BALANCE SHEET DATA AS OF DECEMBER 3

	CONSOLIDATED			EQUIPMENT OPERA	
	ACTUAL 2002	PRO FORMA ADJUSTMENTS	PRO FORMA UNAUDITED 2002	ACTUAL 2002	PRO FORMA ADJUSTMENTS
	(IN MILLIONS)				
TOTAL ASSETS....................	$16,760	$ --	$16,760	$14,367	$ --
CURRENT LIABILITIES:					
Short-term debt and current maturities of long-term debt.......................	$ 3,867	$ (801)(A)	$ 3,066	$ 2,708	$ (801)(
Other current liabilities.....	3,198	14 (B)	3,212	3,526	14 (
TOTAL CURRENT LIABILITIES.....	7,065	(787)	6,278	6,234	(787)
Long-term Debt..................	3,997	(1,199)(A)	2,798	2,714	(1,199)(
Other long-term liabilities.....	2,864	--	2,864	2,586	--
TOTAL LONG-TERM LIABILITIES...	6,861	(1,199)	5,662	5,300	(1,199)
Minority Interest..............	73	--	73	72	--
Shareholders' equity...........	2,761	1,986(A,B)	4,747	2,761	1,986(A
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.......	$16,760	$ --	$16,760	$14,367	$ --

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A -- Reflects the issuance of 8 million shares of Series A Preferred Stock to Fiat and an affiliate in exchange for the retirement of $2 billion in Equipment Operations indebtedness owed to Fiat Group companies.

B -- Reflects accrual of estimated transaction fees.

On a pro forma basis, assuming the issuance of 8 million shares of Series A Preferred Stock in exchange for the retirement of $2 billion of Equipment Operations indebtedness had occurred on January 1, 2002, interest expense would have declined by approximately $100 million on an annual, pre-tax basis in 2002.

INDUSTRY OVERVIEW

Agricultural Equipment

Management has estimated that the total worldwide market for agricultural machinery was equal to approximately $35 billion in 2002, of which approximately $13 billion is in North America and approximately $12 billion is in Europe. In general, management estimates are based upon officially available data, our own shipment and pricing data and estimates from industry sources.

The operators of food, livestock and grain producing farms, as well as independent contractors that provide services to such farms, purchase most

agricultural equipment. The key factors influencing sales of agricultural equipment are the level of total farm cash receipts and, to a lesser extent, general economic conditions, interest rates and the availability of financing. Farm cash receipts are impacted by the volume of acreage planted, commodity prices, crop yields, farm operating expenses, including fuel and fertilizer costs, and government subsidies or payments. Farmers tend to postpone the purchase of equipment when the farm economy is depressed, and to increase their purchases when economic conditions improve. Weather conditions are a major determinant of crop yields and therefore also affect equipment buying decisions. In addition, the geographical variations in weather from season to season may result in one market contracting while another market is experiencing growth. Government policies affect the market for our agricultural equipment by regulating the levels of acreage planted and with direct subsidies affecting specific commodity prices.

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Demand for agricultural equipment also varies seasonally by region and product, primarily due to differing climates and farming calendars. Peak retail demand for tractors and tillage machines occurs in the March through June months in the Northern Hemisphere and in the September through November months in the Southern Hemisphere. Equipment dealers generally order harvesting equipment in the Northern Hemisphere in the fall and winter so they can receive inventory during the winter and spring prior to the peak equipment selling season, which begins in May and June. Similarly, in the Southern Hemisphere, equipment dealers generally order between September and November for the primary selling season, which extends from November through February. For combine harvesters and hay and forage equipment, the retail selling season is concentrated in the few months around harvest time. Furthermore, manufacturers may choose to space their production and dealer shipments throughout the year so that wholesale sales of these products in a particular period are not necessarily indicative of retail demand.

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

Government subsidies are a key income driver for farmers raising certain commodities in the United States and Western Europe. The level of support can range from 30% to over 50% of the annual income for these farms in years of low global commodity prices or natural disasters. The existence of a high level of subsidies in these markets for agricultural equipment reduces the effects of cyclicality in the agricultural equipment business. The ability to forecast the effect of these subsidies on agricultural equipment demand depends on the U.S. Farm Bill (typically revised every five years), the Common Agricultural Policy

("CAP") of the European Union (typically revised every seven years) and World Trade Organization negotiations. On May 13, 2002, President Bush signed into law the Farm Security and Rural Investment Act of 2002. This law increases subsidies to the U.S. farming industry by $31 billion over six years. Additionally, Brazil subsidizes the financing of agricultural equipment for various periods of time, as determined by government legislation. These programs can greatly influence sales in the region.

The CAP revision in 2000 brought no dramatic lowering of subsidies but moved the emphasis towards production of higher quality, value-added crops and support for rural development and rural quality of life. This may result in a change in the nature of equipment purchases from commodity crop production activities to different types of machines that support those initiatives. A recent bilateral agreement between France and Germany is generally considered to mean that the CAP will not undergo any fundamental changes before 2006. Prospective new members of the EU will not enjoy full benefits of the CAP and this may improve sales in certain markets in the immediate period before membership.

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The following graph sets forth retail unit sales in North America and Western Europe of certain agricultural equipment during the periods indicated: [AGRICULTURAL EQUIPMENT SHIPMENTS GRAPH]

	NORTH AMERICA TRACTOR INDUSTRY	NORTH AMERICA COMBINE INDUSTRY	WESTERN TRACTOR I
1991	106,426	11,227	175
1992	99,029	10,469	154
1993	110,517	11,388	142
1994	119,228	11,097	154
1995	121,014	11,277	163
1996	128,856	11,966	180
1997	144,616	12,965	178
1998	150,594	12,441	180
1999	153,629	6,584	185
2000	165,359	6,909	173
2001	181,663	7,585	161
2002	183,292	6,044	169

Sources: North America -- Association of Equipment Manufacturers; Canadian Farm and Industrial Equipment Institute. Western Europe -- Management estimates based on equipment registrations in each country.

Major trends in the agricultural industry include a growth in farm size and machinery capacity, concurrent with a decline in the number of farms and units of equipment sold. The agricultural equipment industry, in most markets, began to experience an increase in demand in the early 1990's as a result of both higher commodity prices from an increased demand for food and low levels of grain stocks worldwide. The amount of land under cultivation also increased as government agricultural support programs shifted away from mandatory set-aside programs. This trend was maintained through 1997, but the markets started to decline in 1998 as a result of unfavorable economic conditions in certain parts of the world, lower commodity prices and reduced aid to developing countries. In 2000, global prices for agricultural commodities remained low and, as a result, overall industry demand for high horsepower agricultural equipment continued at

depressed levels, with worldwide industry demand for high horsepower agricultural tractors and combines even slightly lower than in 1999. In 2001, worldwide industry unit sales of high horsepower agricultural equipment continued to decline. In 2002, industry sales recovered, but remained below 2000 levels.

In North America, and to a lesser extent in certain other regions, there has been significant growth in the under 40 horsepower tractor industry. In 2002, approximately 116,500 under 40 horsepower tractors were sold, compared to approximately 109,900 in 2001. The growth in this segment has been due primarily to the generally favorable economic conditions in North America. The customers for these tractors include homeowners, turf and land care industries, commercial contractors, public agencies, rental businesses, golf courses, hobby and part time farmers and industrial plants. Recently, this customer segment demand has started shifting towards higher horsepower tractors, particularly in the 40 to 60 and 60 to 100 horsepower segments. Purchasers of these products also use a large number of attachments such as front-end loaders,

mowers and snow blowers. Customers often purchase multiple attachments, which can provide additional revenue and margin opportunities for suppliers of the core products.

Construction Equipment

Management estimates that the worldwide market for construction equipment, including parts, was over $50 billion in 2002. The total worldwide market for those product segments in which we compete is equal to approximately $37 billion of which approximately $12 billion is in North America and approximately $11 billion is in Europe. Approximately 46% of all backhoe loaders sold in the world are sold in North America, as well as 73% of all skid steer loaders. Western Europe accounts for 23% of the world demand for crawler excavators and 52% of world demand for mini excavators sold. The Asia-Pacific market has slipped to less than 50% of the total world market for crawler excavators due to the decline of the Japanese market.

We divide construction equipment into two principal segments: heavy construction equipment, which is over 12 metric tons, and light construction equipment, which is under 12 metric tons. Purchasers of heavy construction equipment include construction companies, municipalities, local governments, rental fleet owners, quarrying and mining companies, waste management companies and forestry related concerns. Purchasers of light construction equipment include contractors, rental fleet owners, landscapers, logistics companies and farmers.

The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodeling and renovation, which in turn is influenced by interest rates. Other major factors include the level of light infrastructure construction such as utilities, cabling and piping and maintenance expenditures. The principal use of light construction equipment is to replace relatively high cost manual work. Product demand in the United States and Europe has generally tended to mirror housing starts, but with lags of six to 12 months. However, the recent financial difficulties and restructuring of national rental companies in North America have adversely influenced demand despite relatively strong levels of housing starts. In areas where the cost of labor is inexpensive relative to other inputs such as Africa, China and Latin America, the light construction equipment market segment is virtually non-existent. These areas represent potential growth areas for light equipment in the medium to long term as the cost of labor rises relative to the cost of equipment.

Sales of heavy construction equipment are particularly dependent on the level of major infrastructure construction and repair projects such as highways, dams and harbors, which is a function of government spending and economic growth. Furthermore, demand for mining and quarrying equipment applications is linked more to the general economy and commodity prices, while growing demand for environmental equipment applications is becoming less sensitive to the economic cycle.

The heavy equipment industry in North America, as well as in Europe, is primarily a replacement market that follows cyclical economic patterns. Cycles in the United States and Western Europe tend to be about ten years in duration. The industry in emerging markets generally exhibits an overall growth trend, but with unpredictable and volatile cycles. In prior years, demand for heavy construction equipment in North America had been increasing as interest rates remained relatively stable and the level of government spending on infrastructure projects increased. In Europe, demand had also been increasing, primarily as a result of higher spending by European governments. In 2001, worldwide industry unit sales of construction equipment began to decline dramatically, especially in the latter half of the year. This trend continued through 2002 in Europe, while in North America sales were flat. In Latin America and Asia industry sales improved in 2002 compared to 2001.

The equipment rental business has recently become a more significant factor in the construction equipment industry. With the exception of the U.K. and Japanese markets, where there is a long history of machine rentals due to the structure of the local tax codes, the rental market started with short period rentals of light equipment to individuals or small contractors who could not afford to purchase the equipment. In this environment, the backhoe loader in North America and the mini-excavator in Western Europe were the principal rental products. More recently, a greater variety of light equipment products as well as many types of

heavy equipment has become available to rent. In addition, rental companies have allowed contractors to rent machines for longer periods instead of purchasing the equipment, which allows contractors to complete specific job requirements with greater flexibility and cost control. Furthermore, in some countries, longer term rentals also benefit from favorable tax treatment. The recent rapid consolidation of local and regional rental companies in North America into national and large regional companies combined with the economic and financial market declines have created financial pressures on these market participants. They have, in turn, substantially reduced their new equipment purchases, despite a relatively solid level of general economic activity. Overall, this trend toward higher levels of rental activity in the market may tend to reduce the correlation of industry unit demand for new equipment with the basic economic industry drivers. On the other hand, increased rental market activity could lead to more pronounced demand cyclicality in the industry, as rental companies rush to adjust the size of their fleets as demand or rental rates change.

Seasonal demand fluctuations for construction equipment are somewhat less significant than for agricultural equipment. Nevertheless, in North America and Western Europe, housing construction generally slows during the winter months. North American and European industry retail demand for construction equipment is generally strongest in the second and fourth quarters.

Worldwide customer preferences for construction equipment products are similar to preferences for agricultural equipment products. In developed markets, customers tend to favor more sophisticated machines equipped with the latest technology and comfort features. In developing markets, customers tend to favor equipment that is more basic with greater perceived durability. Customers

in North America and Europe, where operator cost often exceeds fuel cost and machine depreciation, place strong emphasis on product reliability. In other markets, customers often continue to use a particular piece of equipment even after its performance and efficiency begins to diminish. Customer demand for power capacity does not vary significantly from one market to another. However, in many countries, restrictions on the weight or dimensions of the equipment, such as road regulations or job site constraints, may limit demand for large machines.

In general, most construction equipment sold in mature markets such as North America and Europe replaces older equipment. In contrast, demand in less mature markets includes replacements as well as net increases in equipment demand for new products. In these markets, equipment demand also is partially covered by used equipment sourced from the more developed and mature markets including: used heavy construction equipment from North America in the Latin American markets; both heavy and light used equipment from Western Europe in Central and Eastern European, North African and Middle Eastern markets; both heavy and light used equipment from Japan in other South East Asian markets; and excavators from the Japanese market in almost every other market in the world. These flows of used equipment are highly influenced by exchange rates and the weight and dimensions of the sourced equipment, which limit the market for large equipment due to road regulations and job site constraints.

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The following graph sets forth the components for 1992 to 2002 heavy and light construction equipment retail unit sales in North America and Western Europe:

[CONSTRUCTION EQUIPMENT INDUSTRY SHIPMENT GRAPH]

	NORTH AMERICA LIGHT CE INDUSTRY	NORTH AMERICA HEAVY CE INDUSTRY	WESTERN EUR CE INDU
1991	46,234	29,116	57,6
1992	45,524	25,425	57,6
1993	56,485	31,312	51,5
1994	68,732	39,114	58,8
1995	76,244	43,783	65,6
1996	84,947	44,218	65,4
1997	97,314	50,570	70,7
1998	110,375	56,516	74,6
1999	117,935	54,330	89,7
2000	123,007	49,415	99,2
2001	107,037	44,267	93,7
2002	94,275	41,605	87,9

Sources: North America -- Association of Equipment Manufacturers; Canadian Farm and Industrial Equipment Institute. Western Europe -- Management estimates based on shipment data in each country.

Major trends in the construction equipment industry include the transition in machinery usage from crawler dozers to modern hydraulic excavators and wheel loaders in excavation and material handling applications. In addition, the light equipment sector has experienced significant growth as more manual labor is being replaced on construction sites by machines with a myriad of attachments for each specialized application, such as skid steer loaders in North America and mini-excavators in the Rest of World.

Recent low levels of public spending on new infrastructure, particularly in North America and Western Europe, have limited recent growth in the heavy equipment segments of the market and consequently, the market for light sized equipment has grown as a percentage of total construction equipment sales. In 2001, the worldwide industry market demand for major construction equipment products overall declined by approximately 11% with declines in each major product category and major market area. In 2002 the industry increased by 6% on a global basis. The European markets continued to decline while North America was flat and the Asian and Latin American (mainly Brazil) markets rebounded.

CNH BUSINESS STRATEGY

Our strategic objectives are to:

- generate cash through improved earnings, reduced working capital and improved asset utilization, and use that cash to reduce our debt and strengthen our balance sheet;

- deliver profitability throughout the cycle and achieve higher margins than either Case or New Holland earned prior to the merger by realizing profit improvements, continuing sales growth and increasing customer satisfaction; and

- continue to position CNH to take advantage of future opportunities for product and market expansion, both in the short to medium term in areas such as Latin America and Eastern Europe and through our global alliance with Kobelco Japan and, in the longer term, in areas such as China and India.

As a global full-line competitor in both the agricultural and construction equipment markets, CNH plans to grow its business through market expansion and product offering enlargement. We expect that our commitment to cost controls and more efficient use of resources will create value for our shareholders through improved profitability and an enhanced financial position. We believe that our focus on further improving our products, distribution and services will lead to increased customer satisfaction and loyalty, promoting future financial stability and improved returns.

The following are the key elements of our strategy for achieving our objectives:

Multiple Brands

We are leveraging our world-class Case, Case IH, New Holland, Steyr, Fiat Kobelco, FiatAllis, Kobelco and O&K brands and multiple distribution networks to further strengthen our position in all principal existing markets and enhance growth opportunities by entering new market segments. We believe this strategy will maintain a high level of dealer and customer loyalty, enhance our global market position and leverage the combined product portfolio to create cross-selling opportunities among brands.

A key element of this strategy is to strengthen our dealer networks, moving towards dealers that are more focused on particular brands. We believe that more focused dealers tend to be more dedicated to enhancing their brand's market position and building their own customer service capabilities in order to increase customer loyalty and earn a larger share of their customers' equipment and service expenditures. We have reassured our dealers that their brands and networks will not be consolidated as other companies have done following

consolidations in the industry.

Improve Cost Competitiveness

Our management formulated a plan to integrate the operations of the Case and New Holland businesses at the time of the merger. In 2002, we expanded and extended our profit improvement plan, and now expect to achieve $850 million in annual profit improvements by year-end 2005. Including the approximately $114 million of annual profit improvements achieved in 2002, the cumulative profit improvements total approximately $547 million as compared to the base levels of revenues and costs incurred in the combined equipment operations of New Holland and Case for the full year 1999.

Restructure Manufacturing Process -- By consolidating our global sourcing and supplier base and rationalizing our logistics systems, we plan to reduce the number of our suppliers from 6,000 at the time of the merger to 3,000 by 2004. This will increase the volumes sourced from each supplier, permitting CNH to reduce its costs and allowing suppliers to realize economies of scale. As of year-end 2002, we have reduced the number of our suppliers to 4,100.

We will reduce distribution complexity and costs by reducing the number of parts depots from 45 to 24 and instituting a new global common parts system. As of year-end 2002, we had reduced the number of parts depots to 39, including two depots added in the Kobelco Japan alliance and our Shanghai New Holland Agricultural Machinery Corp. Ltd. joint venture with China's leading producer of agricultural tractors, Shanghai Tractor and Internal Combustion Engine Corporation (the "Shanghai joint venture"). Also, under our new global parts packaging system, some high volume common parts will be distinctly packaged for each brand or brand family but most other parts will utilize common CNH packaging. This will further reduce our costs of servicing new products by capitalizing on the common spare parts requirements of the common components in the new products.

By rationalizing our manufacturing activities, we will reduce excess capacity and firmly focus each facility, creating a lean, flexible manufacturing system. We will reduce our number of plants, both through required and voluntary divestitures or closures and through downsizing, from 60 at the time of the merger to 39 by the end of 2004, excluding new acquisitions. At year-end 2002, excluding new acquisitions, we had 43 plants. As a result of the Kobelco Japan global alliance and the our Shanghai joint venture, the number of plants has increased to 45. In the process, we will redistribute production of various products among the remaining plants to firmly focus each facility on either the production of components or the assembly of one product category. We will concentrate on certain key technologies or competencies while outsourcing non-core activities.

Selling, General and Administrative ("SG&A") Costs -- We plan to reduce SG&A costs to approximately 9.0% of net sales of Equipment Operations by 2005, as compared to 10.8% in the first year of operations after the merger, by eliminating duplicative functions and streamlining processes.

Common Components/Platforms for New Products -- We are developing global products that optimize the use of common design elements and share capital-intensive components. We are reducing the number of tractor, combine and construction equipment product platforms. Agricultural Equipment platforms are being reduced from 66 to 35 and Construction Equipment platforms are being reduced from 77 to 39 without reducing the number of final product lines. We intend to use a smaller number of global product platforms with differentiated product features for our different brands. This should permit us to lower product development and manufacturing costs and complexity and increase

production efficiencies, while reducing inventories, order-to-delivery cycle times and invested capital requirements.

In addition, we will maintain strong brand identities for the different brands based on precision of handling, productivity, operation controllability, product serviceability, color and styling. By 2004, we anticipate that almost 75% of our net sales of equipment, excluding parts, will be generated by new products introduced since the merger. To retain existing customers and attract new customers, we plan to continue to invest in product development to strengthen and broaden our product lines. CNH will:

- introduce products with leading-edge technology, such as the new CX combine and a new line of short radius excavators based on Kobelco technology;

- tailor product offerings for entering new geographic markets and customer segments;

- upgrade equipment models with an emphasis on quality, reliability and product simplification, such as the new Axial-Flow combine and the Case M Series backhoe loader; and

- pursue complementary product lines through strategic partnerships, joint ventures and acquisitions, such as the strategic worldwide alliance with Kobelco Japan, which gives us access to key crawler excavator technology.

Global Expansion to New Markets

We view geographical expansion as a major source of future growth and will expand primarily into markets characterized by rapidly increasing food, housing and infrastructure demand. On the construction equipment side, our commitment to growth is evidenced by the recently completed global alliance with Kobelco Japan. This alliance opens Japan and the other markets of the Asia-Pacific region to CNH-built heavy and light equipment. We have demonstrated our commitment to expansion in our agricultural business through our Shanghai joint venture.

Financial Services Strategy

Our Financial Services operations are focused on the core business of supporting agricultural and construction equipment sales to our base of equipment dealers and retail customers throughout the world. We have exited the commercial lending and retail financing activities outside our own dealer networks. We plan to expand our support to dealers and customers in as many areas of the world as is feasible, and, if possible, using

minimal amounts of invested capital. We continue to explore and develop partnership arrangements with financial service providers and full service rental businesses that will enable us to better serve the financial service needs of our dealers and retail customers. Partnerships similar to our arrangement entered into in 2002 with BPLG, which broadened our product offerings throughout Europe, will continue to be evaluated in other regions.

COMPETITION

The agricultural equipment industry is highly competitive, particularly in North America, Europe, Australia and Latin America. We compete primarily with large global full-line suppliers, including Deere & Company and AGCO Corporation; manufacturers focused on particular industry segments, including

Kubota Corporation and various implement manufacturers; regional manufacturers in mature markets, including Claas KgaA/Renault, Landini and SAME Duetz-Fahr Group, that are expanding worldwide to build a global presence; and local, low cost manufacturers in individual markets, particularly in emerging markets such as Eastern Europe, India and China.

The construction equipment industry is highly competitive, particularly in Western Europe, North America, Latin America and the Asia Pacific region. We compete primarily with global full-line suppliers with a presence in every market and a broad range of products that cover most customer needs, including Caterpillar, Komatsu Construction Equipment and Volvo Construction Equipment Corporation; regional full-line manufacturers, including Deere & Company, J.C. Bamford Excavators Ltd., Liebherr-Holding GmbH and Terex; and product specialists operating on either a global or a regional basis, including Ingersoll-Rand Company (Bobcat), Hitachi Ltd., Sumitomo Construction, Manitou B.F., Merlo UK Ltd., Gehl Company, Mustang Manufacturing Company, Inc., Yanmar Agricultural Equipment Co. Ltd. and Kubota Corporation.

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

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

PRODUCTS AND MARKETS

Agricultural Equipment

Our primary product lines of agricultural equipment, sold under the Case IH and New Holland brands, include tractors, combine harvesters, hay and forage equipment, seeding and planting equipment, tillage equipment, sprayers, and grape, cotton and sugar cane harvesters. In addition, large numbers of Construction Equipment products, such as telehandlers, skid steer loaders and backhoe loaders, are sold to agricultural equipment customers. We also sell tractors under the Steyr brand in Western Europe.

In order to capitalize on customer loyalty to dealers and our company, relative distribution strengths and historical brand identities, we continue to use the Case IH, Steyr (tractors only) and New Holland brands, and to produce in the historical colors of each brand. Management believes that these brands enjoy high levels of brand identification and loyalty among both customers and dealers. Although new generation tractors will have a higher percentage of common mechanical components, each brand and product remains significantly differentiated by color, interior and exterior styling, internal operator features and model designation. In

addition, flagship products such as row crop tractors and large combine

harvesters have significantly greater differentiation. Distinctive features that are specific to a particular brand such as the Supersteer(R) axle for New Holland, the Case IH tracked four wheel drive tractor, Quadtrac(R), and front axle mounted hitch for Steyr have been retained as part of each brand's identity.

Tractors -- Tractors are used to pull, push and provide power for farm machinery and other agricultural equipment. Tractors are classified by horsepower size. We manufacture and market a broad range of tractors under the Case IH, New Holland and Steyr brands. Our tractor product offering covers every market segment, including compact, utility/specialty, all-purpose light, all-purpose heavy, over 100 horsepower, and four wheel drive tractors. Tractors represented approximately 59% of our sales of agricultural equipment in 2002.

Combine Harvesters -- Combine harvesters are large, self-propelled machines used for harvesting coarse and cereal grain crops, primarily soybeans, corn, wheat, barley, oats and rice. These machines cut, convey, thresh and clean grain. We offer two basic harvesting technologies, rotary and conventional, each of which possesses advantages with respect to certain crops and conditions. Our newly launched CX conventional combine and CR rotary combine are the first of a new generation of modular combines designed so that either of the two different threshing systems can be installed in the same basic combine frame.

Other Key Product Lines -- Hay and forage equipment is used primarily to harvest or mow, package and condition hay and forage crops for livestock feed. This product line includes: self-propelled windrowers and tractor-powered mower/conditioners, hay tedders and rakes, round balers, square balers, and forage harvesters, which may be either self-propelled or pulled by a tractor. We also produce and market a full line of seeding and planting equipment; tillage equipment; sprayers; grape harvesters; sugar cane harvesters; and cotton pickers.

Parts Support -- We offer a full line of parts for all of our various agricultural equipment product lines.

Construction Equipment

Our present brand and product portfolio is the heritage of many companies that have been merged into the global Case or New Holland brand families. Case Construction provides a full line of products on a global scale. The New Holland family has a regionalized focus capitalizing on heritage brand names and customer relationships. For example, Fiat Kobelco focuses on the Japanese-technology segment of the European market, O&K focuses on the segment of the Western European market that prefers German-developed technology and FiatAllis has a strong full-line offering, which serves the Latin American market.

Our new generation products, currently being developed and introduced, share common components to achieve economies of scale in R&D and manufacturing. We will differentiate these products based on the relative product value and volume in areas such as precision of handling, productivity, operator controllability, product serviceability, color and styling to preserve the unique identity of each brand.

Heavy Construction Equipment

Crawler Excavators -- Crawler excavators are anthropomorphic machines on a 360-degree rotating crawler tread base equipped with one arm that can perform a wide variety of applications with extremely precise control by the operator. Excavators are versatile machines that can utilize a wide variety of attachments and are very efficient in terms of operating cost per ton of earth moved. Generally, the crawler excavator is the principal heavy construction equipment

product that draws customers into dealerships. Upon purchasing a particular excavator, they tend to purchase additional heavy construction products of the same brand to simplify maintenance and service requirements.

Wheeled Excavators -- Wheeled excavators are a specialty excavator product on a wheeled base rather than a crawler base, typically used in the Western European market. Wheeled excavators, like backhoes, are self-transporting, while crawler excavators must be transported by truck from location to location.

Wheel Loaders -- Wheel loaders are four wheel drive articulated machines equipped with a front loader bucket. One of the more traditional earth moving machines, wheel loaders also are popular for non-construction applications such as bulk material handling, waste management and snow removal, contributing to a more stable level of industry demand for these products.

Other Key Product Lines -- In addition, we offer a full range of heavy equipment product lines including wheeled excavators, graders for all applications, dozers, and both articulated and rigid dumpers.

Parts Support -- We offer a full line of parts for all of our various heavy construction equipment product lines.

Light Construction Equipment

Backhoe Loaders -- Backhoe loaders, based on a tractor shaped chassis, combine two of the most important operations of earth-moving equipment, loading and excavating. Our backhoe loaders range from the newest mini-backhoe loader designed for light maintenance and landscaping activities to the largest four wheel drive, four wheel steering machine, which combines the excavating capability of a midi-excavator with the loading capacity and maneuverability of a compact wheel loader. The backhoe loader is one of the most popular light equipment products in the North American market, with a fundamental role in construction applications where flexibility and mobility are required.

Skid Steer Loaders -- The skid steer loader is a versatile, compact four-wheeled machine. It can be considered a tool carrier with a wide array of tool-type attachments that can be utilized for a variety of operations, such as loading, digging, cleaning, snow removal, boring, lifting, transporting, towing or planting trees. We offer industry leading products in each of the two different lifting arm designs, parallel lift and radial lift, covering all market segments.

Mini-Excavators -- Mini-excavators include all excavators that weigh less than 12 tons. Mini-excavators are the most popular light equipment product in the Western European and Japanese markets. Our new global alliance partner, Kobelco Japan, has the strongest reputation in the world for mini-excavators and is the developer of the short radius technology, which allows the machine's arm to turn 360 degrees within the space of its own tracks. This flexibility creates additional opportunities for machine usage in extremely tight working conditions.

Other Key Products -- In addition, we offer a full range of compact wheel loaders and telehandlers, which are four wheel drive, four wheel steering machines popular in Europe, equipped with a telescoping arm designed for lifting, digging and loading. Smaller telehandler machines are often used in agricultural applications while larger machines are often used for industrial and construction applications. Both can accommodate a wide range of attachments.

Parts Support -- We offer a full line of parts for all of our various light

construction equipment product lines.

New Products and Markets

We continuously review opportunities for the expansion of our product lines and the geographic range of our activities. To this end, we are enhancing our new product development program by using common components for our different product lines. Using common components allows us to balance the benefits of product differentiation with the efficiency achieved through greater manufacturing volumes. Common components allow us to preserve the strengths of the various brands, while reducing the total number of product platforms and generating significant cost savings.

In 2002, 30% of our revenues from the sale of agricultural equipment products and 53% of our revenues from the sale of construction equipment products were derived from new products developed with common components since the merger. In 2001, these percentages were 11% and 15%, respectively. The major application of this approach in 2002 was the all-new high horsepower row crop tractors, the Case IH MXM

Magnum line and the New Holland TG line. These all-new tractor ranges are differentiated to appeal to their respective customer bases, but share significant common componentry.

The New Holland CR combine harvester, launched in 2002, is a twin rotor combine which shares many components with the New Holland CX conventional combine launched in 2001, 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 many innovations in the design of this product line earned the CX combine the 2002 Industrial Design Excellence Award.

To increase our global presence and gain access to technology, we participate in a number of international manufacturing joint ventures and strategic partnerships. We are integrating our manufacturing facilities and joint ventures into a global manufacturing network designed to source products from the most economically advantageous locations and to reduce our exposure to any particular market.

On January 10, 2002, we finalized our global alliance with Kobelco Japan and Kobe Steel, Ltd. for the development, production and sale of crawler excavators, including mini-excavators, on a worldwide basis. During the first quarter of 2002, we acquired a 65% interest in Kobelco America, Inc. ("Kobelco America") and a 10% interest in Kobelco Japan. Concurrently, Kobelco Japan acquired our construction equipment operations in Australia and China. In July 2002, the European regional alliance between CNH and Hitachi was terminated, and we acquired Hitachi's interest in Fiat-Hitachi Excavator. Concurrent with acquiring Hitachi's interest, CNH, Kobelco Japan and Sumitomo Corporation formed Fiat-Kobelco Machinery S.p.A. (Italy) ("Fiat Kobelco"). Fiat Kobelco generally consists of the former Fiat-Hitachi Excavator and Kobelco Construction Machinery Europe ("Kobelco Europe") businesses. Fiat Kobelco is owned by the venture partners as follows: CNH 75%, Kobelco Japan 20% and Sumitomo Corporation 5%. Additionally, in July 2002, we increased our interest in Kobelco Japan from 10% to 20%. The alliance allows for us to increase our interest in Kobelco Japan from 20% to 35% and Kobelco Japan to increase its interest in Fiat-Kobelco from 20% to 35% by the third quarter of 2004.

PROFIT IMPROVEMENT INITIATIVES

Our management formulated a plan to integrate the operations of the Case and New Holland businesses at the time of the merger. Our goal was to divest or close more than 30% of our manufacturing locations, including those required to be divested by the regulatory authorities, and integrate our manufacturing systems, reduce capacity and increase capacity utilization. In addition, we planned to close approximately 14 of our 45 parts depots while migrating to one global parts system and common parts packaging for parts that could be utilized by multiple brands or distribution networks. Through the consolidation of all functional areas, we planned to reduce our worldwide workforce by approximately 24% by 2003.

CNH combines the operations of New Holland and Case as a result of their merger on November 12, 1999. A key strategic objective of the merger was the realization of profit improvement initiatives. In 2002, our management broadened the scope of our profit enhancement plan to include opportunities not foreseen in the synergies of the original merger integration plan. Some of these additional initiatives have already been implemented in 2002. In total, we anticipate that the original plan's synergies, together with the new initiatives, will yield a total of $850 million in profit improvements by the end of 2005 as compared to the base levels of revenues and costs incurred in the combined operation of New Holland and Case for the full year 1999. As of December 31, 2002, we have achieved a total of $547 million toward the target of $850 million in profit improvement initiatives by the end of 2005.

The profit improvements for Equipment Operations are being achieved in the following areas:

Cross-Selling

The merger of New Holland and Case has allowed us to enhance revenues and gross profits by selling historical New Holland products to Case customers and historical Case products to New Holland customers. As an interim step towards our planned common platform approach, we expanded the market reach of many

of our products by making relatively minor changes to existing products and rebranding them for distribution in another dealer network. Cross-selling accounted for approximately $40 million in merger-related profit improvements through year-end 2001. This program ended with the introduction of common platform products in 2002. We are now tracking the margin improvements related to the common platforms, and we have established a separate incremental target of $280 million in margin improvements by the end of 2005.

Global Sourcing of Materials

We have been able to achieve cost savings on materials in a number of ways. The merger has permitted us to benefit from the savings associated with higher volume materials purchases on a global basis. In addition, we have reevaluated our global supplier network and, in some cases, changed suppliers to enhance cost savings. Our manufacturing reengineering initiatives have further reduced materials costs through the more efficient design of some of our components.

For 2002, our management has classified all materials cost savings as part of our profit improvement initiatives. Materials cost savings were approximately $50 million in 2000, $75 million in 2001, and $57 million in 2002.

Selling, General and Administrative

The merger, our merger-related restructuring plans and our profit improvement initiatives have reduced SG&A expenses throughout our business by

combining functions, reducing employment levels, outsourcing non-core functions and improving our processes. Our management has determined to classify all profit improvements from reductions in SG&A expenses for the period since the merger as part of our profit improvement initiatives. We realized profit improvements from SG&A reductions of $96 million, $110 million and $38 million in 2000, 2001 and 2002, respectively.

Manufacturing, Depot and Other

We have realized further cost savings by implementing our plan to rationalize production and close manufacturing plants and parts depots. These actions are evaluated on a plant-by-plant basis and are net of any costs that we incur in order to close a particular plant. Plant rationalization and closures resulted in net cost savings of $19 million in 2002. As the plant and depot rationalization plan continues, we expect continued cost savings in this area.

We manufacture equipment and components in 45 manufacturing facilities, two of which have been acquired since the merger. Our broad manufacturing base includes facilities in North America, Europe, Latin America, China, Australia, India and Uzbekistan. This total includes facilities, which are operated through joint ventures and alliances. Similar manufacturing techniques are employed in the production of agricultural and construction equipment, resulting in certain economies and efficiencies. See Item 4, Section D. for a list of our major manufacturing locations.

Historically, the Case manufacturing model was designed with a higher degree of vertical integration. The New Holland manufacturing model had a lower degree of vertical integration and was able to respond more quickly to changes in demand associated with cyclical businesses. As part of our integration strategy, we established the following manufacturing systems rationalization objectives.

Plant Rationalization -- We have reduced worldwide manufacturing facilities from 60 plants in 1999 to 43 plants (excluding acquisitions) at December 31, 2002. This has been accomplished through the consolidation of manufacturing activities into existing facilities, the sale of non-core operations and the required regulatory divestitures of specific plants and product lines. We plan to further reduce the number of manufacturing facilities to 39 plants (excluding acquisitions) by the end of 2004. Manufacturing capacity utilization is projected to increase from approximately 44% utilization in 1999 and approximately 63% utilization at the end of 2002 to approximately 70% utilization by the end of 2004.

Manufacturing Capacity Sizing -- We have sought a balance between high capacity utilization and responsiveness to growth opportunities. We have sized our manufacturing capacity to a flat market demand while introducing modularization of both product and process design to add flexibility to the manufacturing process. Our lean manufacturing techniques also improve flexibility by reducing exposure to rapidly changing market demands. We also manage the business cycle by establishing flexible work rules and setting staffing levels that are supported by temporary employees.

Strategic Outsourcing -- Our strategic outsourcing improves efficiency and competitiveness in several ways. The benefits of outsourcing include: allowing our investments to focus on core competency operations; leveraging the expertise of our supply base; simplifying manufacturing complexity; reducing exposure to business cycles; and mitigating capital expenditures due to n