

CNH GLOBAL N V  
Form 6-K  
July 26, 2006

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of July 2006**

**CNH GLOBAL N.V.**

**(Translation of Registrant's Name Into English)**

**World Trade Center**

**Tower B, 10<sup>th</sup> Floor**

**Amsterdam Airport**

**The Netherlands**

**(Address of Principal Executive Offices)**

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_.)

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**CNH GLOBAL N.V.**

Form 6-K for the month of July 2006

List of Exhibits:

1. News Release entitled, CNH Reports Second Quarter 2006 Net Income of \$147 million, up \$33 million from the Second Quarter 2005
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**FOR IMMEDIATE RELEASE**

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*CNH Reports Second Quarter 2006 Net Income of \$147 million, up \$33 million from the Second Quarter 2005*

- n Strong retail demand for CNH products continues
- n Equipment Operations gross margin up 2.7 percentage points
- n Significant reduction in Equipment Operations net debt
- n Full-year 2006 outlook unchanged, with an expected range of diluted EPS of \$1.30 to \$1.40 before restructuring

LAKE FOREST, Illinois (July 24, 2006) CNH Global N.V. (NYSE:CNH) today reported second quarter 2006 net income of \$147 million, up 29% compared to net income of \$114 million in the second quarter of 2005. Results include restructuring charges, net of tax, of \$7 million in the second quarter of 2006, and \$4 million in the second quarter of 2005. Second quarter diluted earnings per share were \$0.62, compared with \$0.49 per share in 2005. Before restructuring, net of tax, second quarter diluted earnings were \$0.65 per share, compared with \$0.50 per share in 2005.

CNH's renewed focus on customers and dealers is delivering increasingly better results, said Harold Boyanovsky, CNH president and chief executive officer. Our Equipment Operations gross margin improvement has continued into the second quarter, up 2.7 percentage points compared with last year, and we are firmly on track to meet our targets for the year.

Highlights for the quarter included the following:

CNH's agricultural equipment brands, Case IH and New Holland introduced five new products in the quarter, and its construction equipment brands, Case and New Holland Construction introduced six new products.

Pricing was higher than all economics and currency related cost increases, resulting in another quarter of positive net recovery for both Agricultural and Construction Equipment Operations. Pricing was strongest in the Americas.

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Manufacturing efficiencies generated additional margin improvements by lowering production costs.

Research and development spending increased 25% from the same period in 2005, reflecting CNH's investments in product innovation and quality.

Equipment Operations reduced net debt in the quarter by \$484 million, to \$137 million at June 30, 2006. Positive cash flow from operating activities, including a \$157 million reduction in working capital, was the principal contributor to the improvement.

Case IH's logo was prominently displayed on the nose of the winning Ferrari at the Indianapolis Formula One Grand Prix race and at the Grand Prix of Canada in Montreal, to the delight of Case IH dealers and customers throughout the world.

### **EQUIPMENT OPERATIONS Second Quarter Financial Results**

Net sales of equipment, comprising the company's agricultural and construction equipment businesses, were \$3.5 billion for 2006, compared to \$3.4 billion for the same period in 2005. Net of currency variations, net sales increased by 2% over the prior year.

#### **Agricultural Equipment Net Sales**

Agricultural equipment net sales were \$2.3 billion, down 1% from the prior year and down 2% excluding currency variations.

Excluding currency variations, sales in Latin America were up 16%, sales in Rest-of-World markets were up 8%, and in Western Europe up 2%. Excluding currency variations, sales in North America declined by 9%, in line with the company's actions to reduce working capital by under-producing retail unit sales of major agricultural products by 15%, to reduce inventories in a declining industry environment.

Case IH introduced the new JX95 Straddle version utility tractor in North America, the Patriot 350-200 cv sprayer and the 2399 Extreme combine in Latin America.

New Holland won the prestigious National Agri Marketing Association Best of NAMA award for its brand campaign. In North America, New Holland introduced two new models of higher horsepower Class II Boomer™ Compact Tractors (under-40 horsepower), two field sprayers and a new air hoe drill.

Total retail unit sales of CNH's agricultural tractors and combines increased by approximately 7% compared to last year. Worldwide production of agricultural tractors and combines was approximately 4% lower than retail, following the company's normal seasonal pattern to decrease company and dealer inventories during the spring selling season.

#### **Construction Equipment Net Sales**

Net sales of construction equipment were approximately \$1.2 billion, an increase of 12% compared to approximately \$1.1 billion last year, and up 11% excluding currency variations.

Excluding currency variations, sales in Latin America were up 51% and in Rest-of-World markets up 17%. Sales were up 11% in Western Europe and up 4% in North America.

In North America, Case Construction Equipment introduced two new models of Compact Track Loaders, smaller-sized machines that round out the line launched in 2005. Debuting in the second half will be a new Tier 3 compliant excavator, two models of wheel loaders, three models of crawler dozers and two new articulated trucks. In Europe, during the quarter, Case launched the CX700 hydraulic excavator, a direct response to customer requests for a high-production heavy-duty machine between the existing CX460 and CX800 models.

Looking to the second half of 2006, pilot control options will be available on New Holland Construction skid steer loaders and compact track loaders, and three new wheel loader models are scheduled to be launched to the public.

While total retail unit sales of CNH's major construction equipment products increased by approximately 8% compared to last year, worldwide production was substantially the same as in 2005.

### **Gross Margin**

*Equipment Operations gross margin* (defined as net sales of equipment less cost of goods sold) for agricultural and construction equipment was \$686 million, up 20% compared to \$574 million last year. As a percent of net sales, gross margin was 19.6%, up 2.7 percentage points from 2005.

Agricultural equipment gross margin increased in both dollars and as a percent of net sales compared to the prior year. The improvement was explained by positive price recovery and increased manufacturing efficiencies, which more than offset the impact of company actions to reduce dealer and company inventories.

Construction equipment gross margin also increased in both dollars and as a percent of net sales. Positive price recovery, better volume and mix and manufacturing efficiencies contributed to the improvement.

### **Industrial Operating Margin**

*Equipment Operations industrial operating margin* (defined as net sales of equipment, less cost of goods sold, SG&A and R&D costs) was \$324 million, or 9.3% of net sales, up 31% compared to \$248 million or 7.3% of net sales in 2005. The improvement was driven by the higher gross margin, noted above. Increased investments in SG&A and in R&D to increase product innovation by brand and to improve product quality were partial offsets.

### **Adjusted EBITDA**

*Adjusted EBITDA for Equipment Operations* (defined as net income excluding net interest expense, income tax provision (benefit), depreciation and amortization and restructuring) was \$329 million, or 9.4% of net sales, up 20% compared to \$274 million in 2005, or 8.1% of net sales. Interest coverage, on a last 12 months basis (defined as adjusted EBITDA for the past 12 months divided by net interest expense for the past 12 months) was 4.3 times for the period ended June 30, 2006, compared with 3.1 times for the similar period ended June 30, 2005.

**FINANCIAL SERVICES Second Quarter Financial Results**

Financial Services operations reported net income of \$49 million, up 11% compared to \$44 million last year, reflecting the impact of higher balances of receivables under management. Financial Services recorded higher credit losses than in 2005, primarily related to its agricultural equipment receivables in Brazil.

**CNH Year-to-Date Financial Results**

CNH's net income for the first six months was \$190 million, up 47% compared to \$129 million for 2005. Results include restructuring charges, net of tax, of \$10 million in 2006, and \$8 million in 2005. First half diluted earnings per share were up 47% to \$0.81, compared to \$0.55 per share in 2005. Before restructuring, net of tax, diluted earnings per share were \$0.85, compared with \$0.58 per share in 2005.

**EQUIPMENT OPERATIONS Year-to-Date Financial Results**

Net sales of equipment, comprising the company's agricultural and construction equipment businesses, were \$6.4 billion, compared to \$6.2 billion in 2005. Net of currency variations, net sales increased by 4% over the prior year.

*Adjusted EBITDA for Equipment Operations* was \$486 million, or 7.5% of net sales, up 20% compared to \$404 million in 2005, or 6.5% of net sales.

**FINANCIAL SERVICES Year-to-Date Financial Results**

Financial Services operations reported first half 2006 net income of \$101 million, up 9% compared to \$93 million last year, reflecting the impact of higher balances of receivables under management. Financial Services recorded higher credit losses than in 2005, primarily related to its agricultural equipment receivables in Brazil.

**NET DEBT AND OPERATING CASH FLOW**

*Equipment Operations Net Debt* (defined as total debt less cash and cash equivalents, deposits in Fiat affiliates cash management pools and intersegment notes receivables) was \$137 million at June 30, 2006, compared to \$719 million at December 31, 2005 and \$824 million at June 30, 2005. Net debt to net capitalization was 2.5% at June 30, 2006, down from 12.5% at December 31, 2005. As of June 30, 2006, CNH had 235.7 million common shares outstanding. In the quarter, net debt decreased principally because of \$582 million of cash generated by operating activities, including positive net income and reduced working capital. Working capital (defined as accounts and notes receivable, excluding inter-segment notes receivable, plus inventories less accounts payables), net of currency variations, decreased by approximately \$157 million in the quarter. At incurred currency rates, working capital at June 30, 2006 was \$2.1 billion, substantially unchanged from December 31, 2005 and down more than \$300 million from June 30, 2005.

On June 20, CNH's wholly owned subsidiary, Case New Holland, Inc. commenced an exchange offer for its recently issued 7.125% Senior Notes due 2014, for 7.125% Senior

Notes due 2014 that have been registered under the Securities Act of 1933, as amended. The exchange offer, initially set to expire on July 21, 2006, has been extended until July 26, 2006. Any original notes not tendered prior to the expiration of the exchange offer will remain unregistered securities, subject to the conditions of the 144A market. *Financial Services Net Debt* increased by approximately \$973 million to \$5.0 billion at June 30, 2006 from March 31, 2006, reflecting increases in the receivables portfolio, mostly in North America.

**AGRICULTURAL EQUIPMENT MARKET OUTLOOK FOR FULL YEAR 2006**

CNH believes that worldwide industry unit retail sales of agricultural tractors will be 5 to 10% higher than in 2005, driven by an expected 20 to 25% increase in Rest-of-World markets. Industry unit retail sales of under-40 horsepower tractors in North America are expected to be approximately the same as in 2005. Sales of over-40 horsepower tractors in North America also are expected to remain the same or slightly higher than in 2005, but with industry sales of 40 to 100 horsepower tractors up slightly and sales of over 100 horsepower tractors down. Agricultural tractor markets in Western Europe and Latin America could be down as much as 5%.

Worldwide industry unit retail sales of combine harvesters may be down 5 to 10%. North American, Western European and Rest-of-World markets could be down as much as 5%. Industry sales in Latin America are expected to be down 35 to 40%.

**CONSTRUCTION EQUIPMENT MARKET OUTLOOK FOR FULL YEAR 2006**

CNH believes that worldwide industry unit retail sales of construction equipment will be stronger than in 2005. Worldwide industry sales of heavy construction equipment are expected to increase about 10%, led by increases of 10% in North America and 10 to 15% in Rest-of-World markets. Industry unit sales in Western Europe and in Latin America could be up as much as 5% compared with 2005.

Worldwide industry unit retail sales of light construction equipment could be up 5 to 10%, with Western Europe up 5 to 10% and Latin American and Rest-of-World markets up 10 to 15%. In North America, industry sales are expected to be up as much as 5% compared with full year 2005.

**CNH OUTLOOK FOR FULL YEAR 2006**

CNH expects its net sales of equipment to increase in the range of 2 to 5%. Continuing pricing and margin improvement initiatives at Equipment Operations will drive better results. Profitability at Financial Services is expected to be up slightly. Results of CNH's joint ventures are expected to be better than in 2005. The benefit of this improvement at Equipment Operations will be partially offset by an increase in CNH's effective tax rate, as previously stated.



CNH anticipates that 2006 diluted earnings per share, before restructuring, net of tax, should be in the range of \$1.30 to \$1.40, compared with \$0.95 per share for 2005.

Full-year restructuring costs, net of tax, are expected to be slightly higher than in 2005, as CNH recognizes the balance of the costs related to the planned manufacturing rationalization in Europe.

The company's previously announced \$120 million contribution to its U.S. defined benefit pension plan was made in April, 2006. After considering this contribution, Equipment Operations now expects slightly better cash generation from working capital reductions during the year, and to reduce its net debt by approximately \$400 million, as compared with year-end 2005 levels.

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CNH management will hold a conference call later today to review its second quarter results. The conference call Webcast will begin at approximately 8:30 a.m. U.S. Central Time; 9:30 a.m. U.S. Eastern Time. This call can be accessed through the investor information section of the company's Web site at [www.cnh.com](http://www.cnh.com) and is being carried by CCBN.

CNH Case New Holland, a majority-owned subsidiary of Fiat S.p.A. (FIA.MI; NYSE:FIA), is a world leader in the agricultural and construction equipment businesses. Supported by more than 11,000 dealers in 160 countries, CNH brings together the knowledge and heritage of its Case and New Holland brand families with the strength and resources of its worldwide commercial, industrial, product support and finance organizations. CNH Global N.V. stock is listed at the New York Stock Exchange (NYSE:CNH). More information about CNH and its Case and New Holland products can be found online at [www.cnh.com](http://www.cnh.com).

Forward looking statements. This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this press release, 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, , could , should, intend, estimate, anticipate, believe, remain, on track, goal, 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, actions by rating agencies concerning the ratings on our debt and asset backed securities and the ratings of Fiat S.p.A., risks related to our relationship with Fiat S.p.A., political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), technological difficulties, results of our research and development activities,

changes in environmental laws, employee and labor relations, pension and health care costs, relations with and the financial strength of dealers, the cost and availability of supplies from our suppliers, raw material costs and availability, 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 our operations and to execute our brand strategy. Further information concerning factors that could significantly affect expected results is included in our Form 20-F for the year ended December 31, 2005.

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.

**CNH Global N.V.**  
**Estimates of Worldwide Retail Industry Unit Sales Performance<sup>(1)</sup>**

|  | Worldwide<br>'06 B(W) | N.A.<br>'06 B(W) | W.E<br>'06 B(W) | L.A.<br>'06 B(W) | ROW<br>'06 B(W) |
|--|-----------------------|------------------|-----------------|------------------|-----------------|
| <b>First Quarter 2006 Industry Unit Sales Revised Estimate Compared with First Quarter 2005 Actual</b>       |                       |                  |                 |                  |                 |
| <b>Agricultural Equipment:</b>   |                       |                  |                 |                  |                 |
| Agricultural Tractors:   |                       |                  |                 |                  |                 |
| - Under 40 horsepower  | n/a                   | 6%               | n/a             | n/a              | n/a             |
| - Over 40 horsepower   | n/a                   | 4%               | n/a             | n/a              | n/a             |
| Total Tractors   | 21%                   | 5%               | 2%              | (7)%             | 50%             |
| Combine Harvesters   | (9)%                  | 9%               | (8)%            | (37)%            | 13%             |
| Total Tractors and Combines  | 20%                   | 5%               | 2%              | (11)%            | 49%             |
| <b>Construction Equipment:</b>   |                       |                  |                 |                  |                 |
| Light Construction Equipment:  |                       |                  |                 |                  |                 |
| Tractor Loaders & Backhoes   | 5%                    | (1)%             | (15)%           | 21%              | 23%             |
| Skid Steer Loaders   | 6%                    | 2%               | 3%              | 67%              | 23%             |
| Other Light Equipment  | 22%                   | 48%              | 14%             | 78%              | 19%             |
| Total Light Equipment  | 15%                   | 15%              | 10%             | 33%              | 20%             |
| Total Heavy Equipment  | 20%                   | 25%              | 4%              | 28%              | 25%             |
| Total Light & Heavy Equipment  | 17%                   | 18%              | 8%              | 31%              | 23%             |
| <b>Second Quarter 2006 Industry Unit Sales Preliminary Estimate Compared with Second Quarter 2005 Actual</b> |                       |                  |                 |                  |                 |
| <b>Agricultural Equipment:</b>   |                       |                  |                 |                  |                 |
| Agricultural Tractors:   |                       |                  |                 |                  |                 |
| - Under 40 horsepower  | n/a                   | (2)%             | n/a             | n/a              | n/a             |
| - Over 40 horsepower   | n/a                   | (3)%             | n/a             | n/a              | n/a             |
| Total Tractors   | 10%                   | (3)%             | (3)%            | (7)%             | 37%             |
| Combine Harvesters   | (3)%                  | (2)%             | (2)%            | (46)%            | 8%              |
| Total Tractors and Combines  | 10%                   | (3)%             | (3)%            | (9)%             | 36%             |
| <b>Construction Equipment:</b>   |                       |                  |                 |                  |                 |
| Light Construction Equipment:  |                       |                  |                 |                  |                 |
| Tractor Loaders & Backhoes   | (2)%                  | (16)%            | (15)%           | 43%              | 17%             |
| Skid Steer Loaders   | (5)%                  | (10)%            | 3%              | 5%               | 10%             |
| Other Light Equipment  | 15%                   | 23%              | 9%              | 23%              | 18%             |
| Total Light Equipment  | 6%                    | (1)%             | 6%              | 31%              | 16%             |
| Total Heavy Equipment  | 6%                    | (1)%             | 4%              | 6%               | 13%             |
| Total Light & Heavy Equipment  | 6%                    | (1)%             | 5%              | 17%              | 14%             |
| <b>2nd Half 2006 Industry Unit Sales Forecast Compared with 2nd Half 2005 Actual</b>                         |                       |                  |                 |                  |                 |
| <b>Agricultural Equipment:</b>   |                       |                  |                 |                  |                 |
| Agricultural Tractors  | 0-5%                  | 0-5%             | (0-5)%          | 0-5%             | 5-10%           |
| Combine Harvesters   | (10-15)%              | (5-10)%          | (0-5)%          | ~(35)%           | (20-25)%        |
| <b>Construction Equipment:</b>   |                       |                  |                 |                  |                 |
| Total Light Equipment  | ~5%                   | 0-5%             | 5-10%           | (0-5)%           | 5-10%           |
| Total Heavy Equipment  | 5-10%                 | 10-15%           | ~5%             | ~(10)%           | 5-10%           |
| <b>Full Year 2006 Industry Unit Sales Forecast Compared with Full Year 2005</b>                              |                       |                  |                 |                  |                 |
| <b>Estimated Actual</b>  |                       |                  |                 |                  |                 |

**Agricultural Equipment:**

|                       |         |        |        |          |        |
|-----------------------|---------|--------|--------|----------|--------|
| Agricultural Tractors | 5-10%   | FLAT   | (0-5)% | (0-5)%   | 20-25% |
| Combine Harvesters    | (5-10)% | (0-5)% | (0-5)% | (35-40)% | (0-5)% |

**Construction Equipment:**

|                       |       |      |       |        |        |
|-----------------------|-------|------|-------|--------|--------|
| Total Light Equipment | 5-10% | 0-5% | 5-10% | 10-15% | 10-15% |
| Total Heavy Equipment | ~10%  | ~10% | 0-5%  | 0-5%   | 10-15% |

<sup>(1)</sup> Excluding India

**CNH Global N.V.**  
**Revenues and Net Sales**  
**(Unaudited)**

|                        | Three Months Ended<br>June 30, |          |             | Six Months Ended<br>June 30, |          |             |
|------------------------|--------------------------------|----------|-------------|------------------------------|----------|-------------|
|                        | 2006                           | 2005     | %<br>Change | 2006                         | 2005     | %<br>Change |
|                        | (In Millions)                  |          |             |                              |          |             |
| Revenues:              |                                |          |             |                              |          |             |
| Net sales              |                                |          |             |                              |          |             |
| Agricultural equipment | \$ 2,275                       | \$ 2,301 | (1%)        | \$ 4,210                     | \$ 4,232 | (1%)        |
| Construction equipment | 1,222                          | 1,093    | 12%         | 2,237                        | 1,985    | 13%         |
| Total net sales        | 3,497                          | 3,394    | 3%          | 6,447                        | 6,217    | 4%          |
| Financial services     | 229                            | 184      | 24%         | 452                          | 371      | 22%         |
| Eliminations and other | (22)                           | (7)      |             | (34)                         | (14)     |             |
| Total revenues         | \$ 3,704                       | \$ 3,571 | 4%          | \$ 6,865                     | \$ 6,574 | 4%          |
| Net sales:             |                                |          |             |                              |          |             |
| North America          | \$ 1,642                       | \$ 1,690 | (3%)        | \$ 3,076                     | \$ 2,990 | 3%          |
| Western Europe         | 1,081                          | 1,043    | 4%          | 1,914                        | 1,967    | (3%)        |
| Latin America          | 249                            | 177      | 41%         | 478                          | 377      | 27%         |
| Rest of World          | 525                            | 484      | 8%          | 979                          | 883      | 11%         |
| Total net sales        | \$ 3,497                       | \$ 3,394 | 3%          | \$ 6,447                     | \$ 6,217 | 4%          |

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**CNH GLOBAL N.V.**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

|  | <b>CONSOLIDATED</b>                         |              | <b>EQUIPMENT</b>          |              | <b>FINANCIAL</b> |             |
|--|---|--------------|---------------------------|--------------|------------------|-------------|
|  | <b>Three Months</b>                         |              | <b>OPERATIONS</b>         |              | <b>SERVICES</b>  |             |
|  | <b>Ended</b>                                |              | <b>Three Months Ended</b> |              | <b>Ended</b>     |             |
|  | <b>June 30,</b>                             |              | <b>June 30,</b>           |              | <b>June 30,</b>  |             |
|  | <b>2006</b>                                 | <b>2005</b>  | <b>2006</b>               | <b>2005</b>  | <b>2006</b>      | <b>2005</b> |
|  | <b>(In Millions, except per share data)</b> |              |                           |              |                  |             |
| Revenues   |   |              |                           |              |                  |             |
| Net sales  | \$ 3,497                                    | \$ 3,394     | \$ 3,497                  | \$ 3,394     | \$               | \$          |
| Finance and interest income  | 207   | 177          | 45                        | 32           | 229              | 184         |
| <b>Total</b>   | <b>3,704</b>                                | <b>3,571</b> | <b>3,542</b>              | <b>3,426</b> | <b>229</b>       | <b>184</b>  |
| <br>   |   |              |                           |              |                  |             |
| Costs and Expenses   |   |              |                           |              |                  |             |
| Cost of goods sold   | 2,811                                       | 2,820        | 2,811                     | 2,820        |                  |             |
| Selling, general and administrative  | 325   | 300          | 266                       | 249          | 59               | 52          |
| Research and development   | 96  | 77           | 96                        | 77           |                  |             |
| Restructuring  | 7   | 6            | 7                         | 6            |                  |             |
| Interest expense   | 156   | 135          | 92                        | 86           | 87               | 62          |
| Interest compensation to Financial Services  |   |              | 66                        | 41           |                  |             |
| Other, net   | 86  | 68           | 53                        | 45           | 10               | 8           |
| <b>Total</b>   | <b>3,481</b>                                | <b>3,406</b> | <b>3,391</b>              | <b>3,324</b> | <b>156</b>       | <b>122</b>  |
| <br>   |   |              |                           |              |                  |             |
| Income before income taxes, minority interest and equity in income of unconsolidated subsidiaries and affiliates | 223   | 165          | 151                       | 102          | 73               | 62          |
| Income tax provision   | 92  | 57           | 66                        | 36           | 26               | 20          |
| Minority interest  | 7   | 8            | 8                         | 8            |                  |             |
| Equity in income of unconsolidated subsidiaries and affiliates:  |   |              |                           |              |                  |             |
| Financial Services   | 2   | 2            | 49                        | 44           | 2                | 2           |
| Equipment Operations   | 21  | 12           | 21                        | 12           |                  |             |
| <br>   |   |              |                           |              |                  |             |
| Net income   | \$ 147                                      | \$ 114       | \$ 147                    | \$ 114       | \$ 49            | \$ 44       |

Weighted average shares  
outstanding:

|         |       |       |
|---------|-------|-------|
| Basic   | 235.6 | 134.1 |
| Diluted | 235.7 | 234.3 |

Basic and diluted earnings per  
share ( EPS ):

Basic:

|   |         |         |
|---|---------|---------|
| EPS before restructuring, net of<br>tax | \$ 0.65 | \$ 0.60 |
|---|---------|---------|

|     |         |         |
|-----|---------|---------|
| EPS | \$ 0.62 | \$ 0.58 |
|-----|---------|---------|

Diluted:

|   |         |         |
|---|---------|---------|
| EPS before restructuring, net of<br>tax | \$ 0.65 | \$ 0.50 |
|---|---------|---------|

|     |         |         |
|-----|---------|---------|
| EPS | \$ 0.62 | \$ 0.49 |
|-----|---------|---------|

|                     |         |         |
|---------------------|---------|---------|
| Dividends per share | \$ 0.25 | \$ 0.25 |
|---------------------|---------|---------|

See Notes to Condensed Consolidated Financial Statements.

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**CNH GLOBAL N.V.**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

|  | <b>CONSOLIDATED</b>                         |               | <b>EQUIPMENT</b>        |               | <b>FINANCIAL</b>        |              |
|--|---|---------------|-------------------------|---------------|-------------------------|--------------|
|  | <b>Six Months Ended</b>                     |               | <b>OPERATIONS</b>       |               | <b>SERVICES</b>         |              |
|  | <b>June 30,</b>                             |               | <b>Six Months Ended</b> |               | <b>Six Months Ended</b> |              |
|  | <b>2006</b>                                 |               | <b>June 30,</b>         |               | <b>June 30,</b>         |              |
|  | <b>2005</b>                                 |               | <b>2006</b>             |               | <b>2005</b>             |              |
|  | <b>(In Millions, except per share data)</b> |               |                         |               |                         |              |
| Revenues   |   |               |                         |               |                         |              |
| Net sales  | \$ 6,447                                    | \$ 6,217      | \$ 6,447                | \$ 6,217      | \$                      | \$           |
| Finance and interest income  | 418   | 357           | 85                      | 58            | 452                     | 371          |
| <b>Total</b>   | <b>6,865</b>                                | <b>6,574</b>  | <b>6,532</b>            | <b>6,275</b>  | <b>452</b>              | <b>371</b>   |
| Costs and Expenses   |   |               |                         |               |                         |              |
| Cost of goods sold   | 5,273                                       | 5,234         | 5,273                   | 5,234         |                         |              |
| Selling, general and administrative  | 632   | 590           | 516                     | 490           | 116                     | 100          |
| Research and development   | 180   | 146           | 180                     | 146           |                         |              |
| Restructuring  | 11  | 11            | 11                      | 11            |                         |              |
| Interest expense   | 295   | 266           | 173                     | 170           | 164                     | 121          |
| Interest compensation to Financial Services  |   |               | 116                     | 73            |                         |              |
| Other, net   | 183   | 139           | 119                     | 95            | 25                      | 18           |
| <b>Total</b>   | <b>6,574</b>                                | <b>6,386</b>  | <b>6,388</b>            | <b>6,219</b>  | <b>305</b>              | <b>239</b>   |
| Income before income taxes, minority interest and equity in income of unconsolidated subsidiaries and affiliates | 291   | 188           | 144                     | 56            | 147                     | 132          |
| Income tax provision   | 122   | 70            | 72                      | 27            | 50                      | 43           |
| Minority interest  | 14  | 12            | 14                      | 12            |                         |              |
| Equity in income of unconsolidated subsidiaries and affiliates:  |   |               |                         |               |                         |              |
| Financial Services   | 4   | 4             | 101                     | 93            | 4                       | 4            |
| Equipment Operations   | 31  | 19            | 31                      | 19            |                         |              |
| <b>Net income</b>  | <b>\$ 190</b>                               | <b>\$ 129</b> | <b>\$ 190</b>           | <b>\$ 129</b> | <b>\$ 101</b>           | <b>\$ 93</b> |



|   |         |         |
|---|---------|---------|
| Weighted average shares outstanding:          |         |         |
| Basic   | 190.6   | 134.0   |
| Diluted                                       | 235.6   | 234.2   |
| Basic and diluted earnings per share ( EPS ): |         |         |
| Basic:  |         |         |
| EPS before restructuring, net of tax          | \$ 1.05 | \$ 0.67 |
| EPS   | \$ 1.00 | \$ 0.64 |
| Diluted:                                      |         |         |
| EPS before restructuring, net of tax          | \$ 0.85 | \$ 0.58 |
| EPS   | \$ 0.81 | \$ 0.55 |
| Dividends per share                           | \$ 0.25 | \$ 0.25 |

See Notes to Condensed Consolidated Financial Statements.

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**CNH GLOBAL N.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AND SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

|  | <b>CONSOLIDATED</b>          |                                  | <b>EQUIPMENT<br/>OPERATIONS</b> |                                  | <b>FINANCIAL<br/>SERVICES</b> |                                  |
|--|------------------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------------|----------------------------------|
|  | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> | <b>June<br/>30,<br/>2006</b>    | <b>December<br/>31,<br/>2005</b> | <b>June<br/>30,<br/>2006</b>  | <b>December<br/>31,<br/>2005</b> |
|  | <b>(In Millions)</b>         |                                  |                                 |                                  |                               |                                  |
| <b>Assets</b>  |                              |                                  |                                 |                                  |                               |                                  |
| Cash and cash equivalents                            | \$ 1,094                     | \$ 1,245                         | \$ 752                          | \$ 858                           | \$ 342                        | \$ 387                           |
| Deposits in Fiat affiliates<br>cash management pools | 617                          | 580                              | 614                             | 578                              | 3                             | 2                                |
| Accounts, notes<br>receivable and other net          | 7,186                        | 5,841                            | 1,400                           | 1,243                            | 5,830                         | 4,670                            |
| Intersegment notes<br>receivable                     |                              |                                  | 1,752                           | 1,067                            |                               |                                  |
| Inventories  | 2,657                        | 2,466                            | 2,657                           | 2,466                            |                               |                                  |
| Property, plant and<br>equipment net                 | 1,308                        | 1,311                            | 1,300                           | 1,303                            | 8                             | 8                                |
| Equipment on operating<br>leases net                 | 197                          | 180                              |                                 |                                  | 197                           | 180                              |
| Investment in Financial<br>Services                  |                              |                                  | 1,676                           | 1,587                            |                               |                                  |
| Investments in<br>unconsolidated affiliates          | 439                          | 449                              | 344                             | 353                              | 95                            | 96                               |
| Goodwill and intangibles                             | 3,149                        | 3,163                            | 3,003                           | 3,018                            | 146                           | 145                              |
| Other assets   | 2,130                        | 2,083                            | 1,507                           | 1,486                            | 623                           | 597                              |
| <b>Total Assets</b>                                  | <b>\$ 18,777</b>             | <b>\$ 17,318</b>                 | <b>\$ 15,005</b>                | <b>\$ 13,959</b>                 | <b>\$ 7,244</b>               | <b>\$ 6,085</b>                  |
| <b>Liabilities and Equity</b>                        |                              |                                  |                                 |                                  |                               |                                  |
| Short-term debt                                      | \$ 1,638                     | \$ 1,522                         | \$ 722                          | \$ 826                           | \$ 916                        | \$ 696                           |
| Intersegment short-term<br>debt                      |                              |                                  |                                 |                                  | 1,752                         | 1,067                            |
| Accounts payable                                     | 1,997                        | 1,609                            | 1,990                           | 1,641                            | 41                            | 32                               |
| Long-term debt                                       | 5,163                        | 4,765                            | 2,533                           | 2,396                            | 2,630                         | 2,369                            |
| Intersegment long-term<br>debt                       |                              |                                  |                                 |                                  |                               |                                  |
| Accrued and other<br>liabilities                     | 4,643                        | 4,370                            | 4,424                           | 4,044                            | 229                           | 334                              |
| <b>Total Liabilities</b>                             | <b>13,441</b>                | <b>12,266</b>                    | <b>9,669</b>                    | <b>8,907</b>                     | <b>5,568</b>                  | <b>4,498</b>                     |
| <b>Equity</b>  | <b>5,336</b>                 | <b>5,052</b>                     | <b>5,336</b>                    | <b>5,052</b>                     | <b>1,676</b>                  | <b>1,587</b>                     |
|  | <b>\$ 18,777</b>             | <b>\$ 17,318</b>                 | <b>\$ 15,005</b>                | <b>\$ 13,959</b>                 | <b>\$ 7,244</b>               | <b>\$ 6,085</b>                  |

Total Liabilities and  
Equity

Total debt less cash and  
cash equivalents, deposits  
in Fiat affiliates cash  
management pools and  
intersegment notes  
receivables ( Net Debt )

|          |          |        |        |          |          |
|----------|----------|--------|--------|----------|----------|
| \$ 5,090 | \$ 4,462 | \$ 137 | \$ 719 | \$ 4,953 | \$ 3,743 |
|----------|----------|--------|--------|----------|----------|

See Notes to Condensed Consolidated Financial Statements.

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**CNH GLOBAL N.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**AND SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

|   | <b>CONSOLIDATED</b>     |              | <b>EQUIPMENT</b>        |              | <b>FINANCIAL</b>        |              |
|---|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
|   | <b>Six Months Ended</b> |              | <b>OPERATIONS</b>       |              | <b>SERVICES</b>         |              |
|   | <b>June 30,</b>         |              | <b>Six Months Ended</b> |              | <b>Six Months Ended</b> |              |
|   | <b>2006</b>             |              | <b>June 30,</b>         |              | <b>June 30,</b>         |              |
|   | <b>2005</b>             |              | <b>2006</b>             |              | <b>2005</b>             |              |
|   |                         |              | <b>(In Millions)</b>    |              |                         |              |
| <b>Operating Activities:</b>  |                         |              |                         |              |                         |              |
| Net income  | \$ 190                  | \$ 129       | \$ 190                  | \$ 129       | \$ 101                  | \$ 93        |
| Adjustments to reconcile net income to net cash from operating activities:      |                         |              |                         |              |                         |              |
| Depreciation and amortization   | 148                     | 150          | 125                     | 125          | 23                      | 25           |
| Intersegment activity   |                         |              | (52)                    | (2)          | 52                      | 2            |
| Changes in operating assets and liabilities                                     | (92)                    | (396)        | 508                     | 372          | (600)                   | (768)        |
| Other, net  | (40)                    | (3)          | (67)                    | 1            | (14)                    | (37)         |
| <b>Net cash from operating activities</b>                                       | <b>206</b>              | <b>(120)</b> | <b>704</b>              | <b>625</b>   | <b>(438)</b>            | <b>(685)</b> |
| <b>Investing Activities:</b>  |                         |              |                         |              |                         |              |
| Expenditures for property, plant and equipment                                  | (58)                    | (48)         | (56)                    | (47)         | (2)                     | (1)          |
| Expenditures for equipment on operating leases                                  | (66)                    | (44)         |                         |              | (66)                    | (44)         |
| Net (additions) collections from retail receivables and related securitizations | (463)                   | 334          |                         |              | (463)                   | 334          |
| Net (deposits in) withdrawals from Fiat affiliates cash management pools        | (4)                     | (331)        | (3)                     | (341)        | (1)                     | 10           |
| Other, net  | 35                      | 11           | 6                       | (10)         | 29                      | 21           |
| <b>Net cash from investing activities</b>                                       | <b>(556)</b>            | <b>(78)</b>  | <b>(53)</b>             | <b>(398)</b> | <b>(503)</b>            | <b>320</b>   |
| <b>Financing Activities:</b>  |                         |              |                         |              |                         |              |
| Intersegment activity   |                         |              | (685)                   | 45           | 685                     | (45)         |
| Net increase (decrease) in indebtedness   | 229                     | 141          | (10)                    | (399)        | 239                     | 540          |
| Dividends paid  | (59)                    | (34)         | (59)                    | (34)         | (60)                    | (60)         |
| Other, net  | (9)                     |              | (9)                     |              |                         |              |

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|  |          |        |        |        |        |        |
|--|----------|--------|--------|--------|--------|--------|
| Net cash from financing activities               | 161      | 107    | (763)  | (388)  | 864    | 435    |
| Other, net                                       | 38       | 3      | 6      | (5)    | 32     | 8      |
| Increase (decrease) in cash and cash equivalents | (151)    | (88)   | (106)  | (166)  | (45)   | 78     |
| Cash and cash equivalents, beginning of period   | 1,245    | 931    | 858    | 637    | 387    | 294    |
| Cash and cash equivalents, end of period         | \$ 1,094 | \$ 843 | \$ 752 | \$ 471 | \$ 342 | \$ 372 |

See Notes to Condensed Consolidated Financial Statements.

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**CNH GLOBAL N.V.**  
**CONSOLIDATED SELECTED FINANCIAL DATA**  
(Millions, except per share data)  
(Unaudited)

|  | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> |
|--|------------------------------|----------------------------------|
| <b>BALANCE SHEETS</b>                        |                              |                                  |
| Total assets                                 | \$ 18,777                    | \$ 17,318                        |
| Short-term debt                              | \$ 1,638                     | \$ 1,522                         |
| Long-term debt, including current maturities | \$ 5,163                     | \$ 4,765                         |
| Total liabilities                            | \$ 13,441                    | \$ 12,266                        |
| Shareholders' equity                         | \$ 5,336                     | \$ 5,052                         |

|                                       | <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|---------------------------------------|--|-------------|--------------------------------------|-------------|
|                                       | <b>2006</b>                            | <b>2005</b> | <b>2006</b>                          | <b>2005</b> |
| <b>INCOME STATEMENTS</b>              |  |             |                                      |             |
| Revenues:                             |  |             |                                      |             |
| Net sales                             | \$ 3,497                               | \$ 3,394    | \$ 6,447                             | \$ 6,217    |
| Finance and interest income and other | 207                                    | 177         | 418                                  | 357         |
| Total                                 | \$ 3,704                               | \$ 3,571    | \$ 6,865                             | \$ 6,574    |
| Net income                            | \$ 147                                 | \$ 114      | \$ 190                               | \$ 129      |
| Per share data:                       |  |             |                                      |             |
| Basic earnings per share              | \$ 0.62                                | \$ 0.58     | \$ 1.00                              | \$ 0.64     |
| Diluted earnings per share            | \$ 0.62                                | \$ 0.49     | \$ 0.81                              | \$ 0.55     |
| Dividends per share                   | \$ 0.25                                | \$ 0.25     | \$ 0.25                              | \$ 0.25     |

**STATEMENTS OF CASH FLOWS**

|                                    |        |          |
|------------------------------------|--------|----------|
| Net cash from operating activities | \$ 206 | \$ (120) |
| Net cash from investing activities | (556)  | (78)     |
| Net cash from financing activities | 161    | 107      |
| Other, net                         | 38     | 3        |

|  |          |        |
|--|----------|--------|
| Increase (decrease) in cash and cash equivalents | (151)    | (88)   |
| Cash and cash equivalents, beginning of period   | 1,245    | 931    |
| Cash and cash equivalents, end of period         | \$ 1,094 | \$ 843 |

**Note:**

For a complete set of CNH's condensed consolidated financial statements, please go to [www.cnh.com](http://www.cnh.com).

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**CNH GLOBAL N.V.**

**Notes to Unaudited Condensed Consolidated Financial Statements**

- 1. Principles of Consolidation and Basis of Presentation** The accompanying unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the consolidated results of CNH Global N.V. and its consolidated subsidiaries ( CNH or the Company ) in accordance with generally accepted accounting principles in the United States of America ( U.S. GAAP ); however, because of their condensed nature, they do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements. These financial statements should therefore be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2005 included in the Company s Annual Report on Form 20-F filed with the Securities and Exchange Commission ( SEC ) on March 31, 2006 and any subsequently filed Annual Reports on Form 20-F of the Company.

CNH is controlled by Fiat Netherlands Holding N.V., a wholly owned subsidiary of Fiat S.p.A. ( Fiat ). As of June 30, 2006, Fiat owned approximately 90% of CNH s outstanding common shares.

The condensed consolidated financial statements include the accounts of CNH s majority-owned and controlled subsidiaries and reflect the interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. The operations and key financial measures and financial analysis differ significantly for manufacturing and distribution businesses and financial services businesses; therefore, management believes that certain supplemental disclosures are important in understanding the consolidated operations and financial results of CNH. The supplemental financial information captioned Equipment Operations includes the results of operations of CNH s agricultural and construction equipment operations, with the Company s financial services businesses reflected on the equity method basis. The supplemental financial information captioned Financial Services reflects the combination of CNH s financial services businesses.

***Reclassifications***

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

- 2. Stock-Based Compensation Plans** CNH has stock-based employee compensation plans which are described more fully in Note 18: Option and Incentive Plans , to our 2005 Form 20-F. In January 2006, CNH adopted Financial Accounting Standards Board ( FASB ) Statement of Financial Accounting Standards ( SFAS ) No. 123 Revised, Share Based Payment ( SFAS No. 123 Revised ). SFAS No. 123 Revised requires the use of a fair value based method of accounting for stock-based employee compensation. The statement has been applied using a Modified Prospective Method, under which compensation cost is recognized beginning on the effective date and continuing until participants are fully vested. Adopting SFAS No. 123 Revised did not have a material impact on the Company s financial statements.
- 3. Accounts and Notes Receivable** In CNH s receivable asset securitization programs, retail finance receivables are sold to limited purpose, bankruptcy remote, consolidated subsidiaries of CNH. In turn, these subsidiaries establish separate trusts to which they transfer the receivables in exchange for the proceeds from asset-backed securities sold by the trusts. Due to the nature of the assets held by the trusts and the limited nature of each trust s activities, they are each classified as a qualifying special purpose entity ( QSPE ) under SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ( SFAS No. 140 ). In accordance with SFAS No. 140, assets and liabilities of the QSPEs are not consolidated in the Company s consolidated balance sheets. The amounts outstanding under these programs were \$4.7 billion at June 30, 2006 and December 31, 2005, respectively. In addition to the retail securitization programs, certain subsidiaries of CNH securitized or discounted wholesale receivables without recourse. As of June 30, 2006 and December 31, 2005, \$3.7 billion and \$3.1 billion, respectively remained outstanding under these programs.





## CNH GLOBAL N.V.

**Notes to Unaudited Condensed Consolidated Financial Statements**

Included in the securitized or discounted wholesale receivables without recourse amount noted above is a wholesale securitization program in Europe under which Equipment Operations entities sell receivables while a Financial Services subsidiary subscribes to notes representing undivided retained interests. At June 30, 2006 and December 31, 2005, the amounts outstanding under this program were \$839 million and \$709 million, respectively and Financial Services had an undivided retained interest of \$256 million and \$251 million, respectively.

4. **Inventories** Inventories as of June 30, 2006 and December 31, 2005 consist of the following:

|                          | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> |
|--------------------------|------------------------------|----------------------------------|
|                          | (in Millions)                |                                  |
| Raw materials            | \$ 546                       | \$ 494                           |
| Work-in-process          | 243                          | 195                              |
| Finished goods and parts | 1,868                        | 1,777                            |
| Total Inventories        | \$ 2,657                     | \$ 2,466                         |

5. **Goodwill and Intangibles** The following table sets forth changes in goodwill and intangibles for the six months ended June 30, 2006:

|                                | <b>Balance<br/>at<br/>January<br/>1,<br/>2006</b> | <b>Amortization</b> | <b>Foreign<br/>Currency<br/>Translation<br/>and Other</b> | <b>Balance<br/>at<br/>June 30,<br/>2006</b> |
|--------------------------------|---|---------------------|---|---|
|                                | (in Millions)                                     |                     |   |   |
| Goodwill                       | \$ 2,388  | \$                  | \$ 7  | \$ 2,395                                    |
| Intangibles                    | 775   | (24)                | 3   | 754   |
| Total Goodwill and Intangibles | \$ 3,163  | \$ (24)             | \$ 10   | \$ 3,149                                    |

As of June 30, 2006 and December 31, 2005, the Company's intangible assets and related accumulated amortization consisted of the following:

|   | <b>June 30, 2006</b> |                                     |            |              | <b>December 31, 2005</b>            |            |        |  |
|---|----------------------|-------------------------------------|------------|--------------|-------------------------------------|------------|--------|--|
| <b>Weighted<br/>Average<br/>Life</b>          | <b>Gross</b>         | <b>Accumulated<br/>Amortization</b> | <b>Net</b> | <b>Gross</b> | <b>Accumulated<br/>Amortization</b> | <b>Net</b> |        |  |
|   | (in Millions)        |                                     |            |              |                                     |            |        |  |
| Intangible assets<br>subject to amortization: |                      |                                     |            |              |                                     |            |        |  |
| Engineering drawings                          | 20                   | \$ 335                              | \$ 119     | \$ 216       | \$ 335                              | \$ 107     | \$ 228 |  |
| Dealer network                                | 25                   | 216                                 | 61         | 155          | 216                                 | 55         | 161    |  |
| Software                                      | 5                    | 56                                  | 37         | 19           | 50                                  | 29         | 21     |  |
| Other   | 10-30                | 121                                 | 56         | 65           | 116                                 | 50         | 66     |  |

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|   |          |        |        |          |        |        |
|---|----------|--------|--------|----------|--------|--------|
|   | 728      | 273    | 455    | 717      | 241    | 476    |
| Intangible assets not<br>subject to amortization: |          |        |        |          |        |        |
| Trademarks  | 273      |        | 273    | 273      |        | 273    |
| Pension   | 26       |        | 26     | 26       |        | 26     |
|   | \$ 1,027 | \$ 273 | \$ 754 | \$ 1,016 | \$ 241 | \$ 775 |

CNH recorded amortization expense of approximately \$24 million for the six months ended June 30, 2006. CNH recorded amortization expense of approximately \$46 million for the year ended December 31, 2005. Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the years 2006 to 2010 is approximately \$48 million. As acquisitions and dispositions occur in the future and as currency fluctuates, these amounts may vary.

**CNH GLOBAL N.V.****Notes to Unaudited Condensed Consolidated Financial Statements**

Any reduction in valuation allowances recorded against deferred tax assets of Case Corporation and its subsidiaries as of the Case Corporation acquisition date have in the past and will, in the future, be treated as a reduction of goodwill and will not impact future periods' tax expense.

6. **Debt** The following table sets forth total debt and total debt less cash and cash equivalents, deposits in Fiat affiliates cash management pools and intersegment notes receivable ( Net Debt ) as of June 30, 2006 and December 31, 2005:

|  | <b>Consolidated</b>          |                                  | <b>Equipment Operations</b>  |                                  | <b>Financial Services</b>    |                                  |
|--|------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|
|  | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> |
|  | (in Millions)                |                                  |                              |                                  |                              |                                  |
| Short-term debt:                                     |                              |                                  |                              |                                  |                              |                                  |
| With Fiat Affiliates                                 | \$ 689                       | \$ 565                           | \$ 571                       | \$ 479                           | \$ 118                       | \$ 86                            |
| Other  | 949                          | 957                              | 151                          | 347                              | 798                          | 610                              |
| Intersegment   |                              |                                  |                              |                                  | 1,752                        | 1,067                            |
| Total short-term debt                                | 1,638                        | 1,522                            | 722                          | 826                              | 2,668                        | 1,763                            |
| Long-term debt:                                      |                              |                                  |                              |                                  |                              |                                  |
| With Fiat Affiliates                                 | 175                          | 546                              |                              | 374                              | 175                          | 172                              |
| Other  | 4,988                        | 4,219                            | 2,533                        | 2,022                            | 2,455                        | 2,197                            |
| Intersegment   |                              |                                  |                              |                                  |                              |                                  |
| Total long-term debt                                 | 5,163                        | 4,765                            | 2,533                        | 2,396                            | 2,630                        | 2,369                            |
| Total debt:  |                              |                                  |                              |                                  |                              |                                  |
| With Fiat Affiliates                                 | 864                          | 1,111                            | 571                          | 853                              | 293                          | 258                              |
| Other  | 5,937                        | 5,176                            | 2,684                        | 2,369                            | 3,253                        | 2,807                            |
| Intersegment   |                              |                                  |                              |                                  | 1,752                        | 1,067                            |
| Total debt   | 6,801                        | 6,287                            | 3,255                        | 3,222                            | 5,298                        | 4,132                            |
| Less:  |                              |                                  |                              |                                  |                              |                                  |
| Cash and cash equivalent                             | 1,094                        | 1,245                            | 752                          | 858                              | 342                          | 387                              |
| Deposits in Fiat affiliates<br>cash management pools | 617                          | 580                              | 614                          | 578                              | 3                            | 2                                |
| Intersegment notes<br>receivable                     |                              |                                  | 1,752                        | 1,067                            |                              |                                  |
| Net Debt   | \$ 5,090                     | \$ 4,462                         | \$ 137                       | \$ 719                           | \$ 4,953                     | \$ 3,743                         |

At June 30, 2006, CNH had approximately \$3.0 billion available under \$6.3 billion total lines of credit and asset-backed facilities.

On March 3, 2006, Case New Holland, Inc. ( "Case New Holland" ) completed a private offering of \$500 million of debt securities at an annual fixed rate of 7.125% (the "7.125% Senior Notes" ). The 7.125% Senior Notes, which are fully and unconditionally guaranteed by CNH and certain of our direct and indirect subsidiaries, are due 2014. Proceeds from the offering are being used to refinance debt. During June 2006, Case New Holland commenced an exchange offer for the 7.125% Senior Notes which was set to expire on July 21, 2006 has been extended to July 26, 2006.

CNH participates in Fiat affiliates cash management pools with other Fiat affiliates. Amounts deposited with Fiat affiliates as part of the Fiat cash management system are repayable to CNH upon one business day's notice. To the extent that Fiat affiliates are unable to return any such amounts upon one business day's notice, and in the event of a bankruptcy or insolvency of Fiat, CNH may be unable to secure the return of such funds, and CNH may be viewed as a creditor of such Fiat entity with respect to such funds. There is no assurance that the future operations of the Fiat cash management system may not adversely impact CNH's ability to recover its funds to the extent one or more of the above described events were to occur.

**CNH GLOBAL N.V.****Notes to Unaudited Condensed Consolidated Financial Statements**

7. **Income Taxes** For the three months ended June 30, 2006 and 2005, effective income tax rates were 41.3% and 34.5%, respectively. For the six months ended June 30, 2006 and 2005, effective income tax rates were 41.9% and 37.2%, respectively. For 2006 and 2005, tax rates differ from the Dutch statutory rate of 29.6% and 31.5%, respectively due primarily to the impact of tax losses in certain jurisdictions where no immediate tax benefit is recognized, the impact of utilizing tax losses against which valuation allowances were recorded, and higher tax rates in certain jurisdictions.
8. **Restructuring** During the three and six months ended June 30, 2006 and 2005, CNH expense and utilization related to restructuring was as follows:

|                              | <b>Three Months</b>  |             | <b>Six Months Ended</b> |             |
|------------------------------|----------------------|-------------|-------------------------|-------------|
|                              | <b>Ended</b>         |             | <b>June 30,</b>         |             |
|                              | <b>2006</b>          | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
|                              | <b>(in Millions)</b> |             |                         |             |
| Balance, beginning of period | \$ 46                | \$ 36       | \$ 47                   | \$ 47       |
| Expense                      | 7                    | 6           | 11                      | 11          |
| Utilization                  | (6)                  | (10)        | (13)                    | (25)        |
| CTA and other                | 4                    | (2)         | 6                       | (3)         |
| Balance, end of period       | \$ 51                | \$ 30       | \$ 51                   | \$ 30       |

Restructuring expense primarily relates to severance and other costs incurred due to headcount reductions, plant closures and CNH's announced brand initiatives. Utilization primarily represents payments of involuntary employee severance costs and costs related to the closing of facilities.

9. **Commitment** CNH pays for normal warranty costs and the cost of major programs to modify products in the customers' possession within certain pre-established time periods. A summary of recorded activity as of and for the six months ended June 30, 2006 for this commitment is as follows:

|                                   | <b>Amount</b>        |
|-----------------------------------|----------------------|
|                                   | <b>(in Millions)</b> |
| Balance, January 1, 2006          | \$ 192               |
| Current year provision            | 190                  |
| Claims paid and other adjustments | (126)                |
| Balance, June 30, 2006            | \$ 256               |

10. **Shareholders' Equity** Pursuant to their terms, the 8 million shares of Series A Preferred Stock automatically converted into 100 million newly issued CNH common shares on March 23, 2006 in a non-cash transaction.

Shareholders approved a dividend of \$0.25 per common share which was paid on May 5, 2006 to shareholders of record at the close of business on April 28, 2006.

During each of the quarters ended June 30, 2006 and 2005, Financial Services paid a dividend of \$60 million to Equipment Operations.

11. **Earnings per Share** In accordance with the requirements of Emerging Issues Task Force ( EITF ) Issue No. 03-06, Participating Securities and the Two-Class Method under FASB No. 128, Earnings per Share ( EITF No. 03-06 ), undistributed earnings, which represents net income, less dividends paid to common shareholders, were allocated to the Series A Preferred Shares when they were outstanding, based on the dividend yield of the common shares, which was impacted by the price of the Company s common shares. For purposes of the basic earnings per share calculation, CNH used the average closing price of the Company s common shares over the last thirty trading days of the period ( Average Stock Price ). As of June 30,

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**CNH GLOBAL N.V.****Notes to Unaudited Condensed Consolidated Financial Statements**

2005, the Average Stock Price was \$18.22 per share. Subsequent to the conversion of the Series A Preferred Stock, no allocation of earnings to the Series A Preferred Stock is required.

As of June 30, 2006, CNH had approximately 235.7 million common shares issued and outstanding.

The following table reconciles the numerator and denominator of the basic and diluted earnings per share computations for the three and six months ended June 30, 2006 and 2005:

|  | <b>Three Months Ended</b>                   |             | <b>Six Months Ended</b> |             |
|--|---|-------------|-------------------------|-------------|
|  | <b>June 30,</b>                             |             | <b>June 30,</b>         |             |
|  | <b>2006</b>                                 | <b>2005</b> | <b>2006</b>             | <b>2005</b> |
|  | <b>(in Millions, except per share data)</b> |             |                         |             |
| <b>Basic:</b>                                      |   |             |                         |             |
| Net income   | \$ 147                                      | \$ 114      | \$ 190                  | \$ 129      |
| Dividend to common shareholders (\$0.25 per share) | (59)  | (34)        | (59)                    | (34)        |
| Undistributed earnings                             | 88  | 80          | 131                     | 95          |
| Earnings allocated to Series A Preferred Stock     |   | (36)        |                         | (43)        |
| Earnings available to common shareholders          | 88  | 44          | 131                     | 52          |
| Dividend to common shareholders                    | 59  | 34          | 59                      | 34          |
| Net income available to common shareholders        | \$ 147                                      | \$ 78       | \$ 190                  | \$ 86       |
| Weighted average common shares outstanding basic   | 235.6                                       | 134.1       | 190.6                   | 134.0       |
| Basic earnings per share                           | \$ 0.62                                     | \$ 0.58     | \$ 1.00                 | \$ 0.64     |
| <b>Diluted:</b>                                    |   |             |                         |             |
| Net income   | \$ 147                                      | \$ 114      | \$ 190                  | \$ 129      |
| Weighted average common shares outstanding basic   | 235.6                                       | 134.1       | 190.6                   | 134.0       |
| Effect of dilutive securities (when dilutive):     |   |             |                         |             |
| Series A Preferred Stock                           |   | 100.0       | 44.8                    | 100.0       |
| Stock Compensation Plans                           | 0.1   | 0.2         | 0.2                     | 0.2         |
| Weighted average common shares outstanding diluted | 235.7                                       | 234.3       | 235.6                   | 234.2       |



Diluted earnings per share \$ 0.62 \$ 0.49 \$ 0.81 \$ 0.55

12. **Comprehensive Income (Loss)** The components of comprehensive income (loss) for the three and six months ended June 30, 2006 and 2005 are as follows:

|   | <b>Three Months</b>  |              | <b>Six Months Ended</b> |                |
|---|----------------------|--------------|-------------------------|----------------|
|   | <b>Ended</b>         |              | <b>June 30,</b>         |                |
|   | <b>June 30,</b>      |              | <b>June 30,</b>         |                |
|   | <b>2006</b>          | <b>2005</b>  | <b>2006</b>             | <b>2005</b>    |
|   | <b>(in Millions)</b> |              |                         |                |
| Net income  | \$ 147               | \$ 114       | \$ 190                  | \$ 129         |
| Other Comprehensive income (loss), net of tax Cumulative translation adjustment | 77                   | (27)         | 86                      | (73)           |
| Deferred gains (losses) on derivative financial instruments                     | 20                   | (42)         | 55                      | (77)           |
| Unrealized gains (losses) on retained interests in securitized transactions     | 8                    | (2)          | 8                       | (9)            |
| Minimum pension liability adjustment  | (7)                  |              | (10)                    |                |
| <b>Total</b>  | <b>\$ 245</b>        | <b>\$ 43</b> | <b>\$ 329</b>           | <b>\$ (30)</b> |

13. **Segment Information** CNH has three reportable operating segments: Agricultural Equipment, Construction Equipment and Financial Services. CNH reportable segments are strategic business units that are each managed separately and offer different products and services. During late 2005, CNH reorganized its Equipment Operations into four distinct global brand structures, Case IH and New Holland in agricultural equipment and Case and New Holland Construction in

**CNH GLOBAL N.V.****Notes to Unaudited Condensed Consolidated Financial Statements**

construction equipment; however, as our Agricultural Equipment brands and our Construction Equipment brands individually continue to have similar operating characteristics including the nature of products and production processes, types of customers and methods of distribution, we continue to aggregate our Agricultural Equipment and Construction Equipment brands for segment reporting purposes.

A reconciliation from consolidated trading profit reported to Fiat under International Financial Reporting Standards and International Accounting Standards (collectively IFRS ) to income (loss) before taxes, minority interest and equity in income (loss) of unconsolidated subsidiaries and affiliates under U.S. GAAP for the three and six months ended June 30, 2006 and 2005 is as follows:

|  | <b>Three Months Ended<br/>June 30,</b> |                           | <b>Six Months Ended<br/>June 30,</b> |                           |
|--|--|---------------------------|--------------------------------------|---------------------------|
|  | <b>2006</b>                            | <b>2005<sup>(A)</sup></b> | <b>2006</b>                          | <b>2005<sup>(A)</sup></b> |
|  | <b>(in Millions)</b>                   |                           |                                      |                           |
| Trading profit reported to Fiat under IFRS   | \$ 340                                 | \$ 358                    | \$ 505                               | \$ 521                    |
| Adjustments to convert from trading profit under IFRS to U.S. GAAP income before income taxes, minority interest and equity in income of unconsolidated subsidiaries and affiliates: |  |                           |                                      |                           |
| Accounting for benefit plans   | (23)                                   | (109)                     | (51)                                 | (164)                     |
| Accounting for intangible assets, primarily development costs  | (9)                                    | 13                        | (11)                                 | 11                        |
| Restructuring  | 7                                      | 6                         | 11                                   | 11                        |
| Net financial expense  | (65)                                   | (73)                      | (138)                                | (156)                     |
| Accounting for receivable securitizations and other  | (27)                                   | (30)                      | (25)                                 | (35)                      |
| Income before income taxes, minority interest and equity in income of unconsolidated subsidiaries and affiliates under U.S. GAAP   | \$ 223                                 | \$ 165                    | \$ 291                               | \$ 188                    |

(A) During the three and six months ended June 30, 2005, CNH recognized \$78 million and \$107 million, respectively of benefit plan amendment gains in trading profit under IFRS. Also see table below.

The following summarizes trading profit under IFRS by segment:

**Six Months Ended**

|                           | Three Months<br>Ended<br>June 30, |                     | June 30, |                     |
|---------------------------|-----------------------------------|---------------------|----------|---------------------|
|                           | 2006                              | 2005 <sup>(A)</sup> | 2006     | 2005 <sup>(A)</sup> |
|                           | (in Millions)                     |                     |          |                     |
| Agricultural Equipment    | \$ 155                            | \$ 143              | \$ 199   | \$ 200              |
| Construction Equipment    | 110                               | 70                  | 165      | 78                  |
| Financial Services        | 75                                | 67                  | 141      | 136                 |
| Other                     |                                   | 78                  |          | 107                 |
| Trading profit under IFRS | \$ 340                            | \$ 358              | \$ 505   | \$ 521              |

(A) During the three and six months ended June 30, 2005, CNH recognized benefit plan amendment gains in trading profit under IFRS. For comparative purposes, the impact of these amendments is reflected on the line Other in the table above.

14. **Reconciliation of Non-GAAP Financial Measures** CNH, in its quarterly press release announcing results, utilizes various figures that are Non-GAAP Financial Measures as this term is defined under Regulation G as promulgated by the SEC. In accordance with Regulation G, CNH has detailed either the computation of these measures from multiple U.S. GAAP figures or reconciled these non-GAAP financial measures to the most relevant U.S. GAAP equivalent. Some of these measures do not have standardized meanings and investors should consider that the methodology applied in calculating such measures may differ among companies and analysts. CNH's management believes these non-GAAP measures provide useful supplementary information to investors in order that they may evaluate CNH's financial performance using the same measures used by our management. These non-GAAP financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with U.S. GAAP.

## CNH GLOBAL N.V.

Notes to Unaudited Condensed Consolidated Financial StatementsNet Income Before Restructuring and Earnings Per Share Before Restructuring, Net of Tax

CNH defines net income before restructuring, net of tax as U.S. GAAP net income, less U.S. GAAP restructuring charges, net of tax applicable to the restructuring charges.

The following table reconciles net income to net income before restructuring, net of tax and the related pro-forma computation of earnings per share:

|  | <b>Three Months<br/>Ended<br/>June 30,</b>  |             | <b>Six Month Ended<br/>June 30,</b> |             |
|--|---|-------------|-------------------------------------|-------------|
|  | <b>2006</b>                                 | <b>2005</b> | <b>2006</b>                         | <b>2005</b> |
|  | <b>(in Millions, except per share data)</b> |             |                                     |             |
| Basic:   |   |             |                                     |             |
| Net income   | \$ 147                                      | \$ 114      | \$ 190                              | \$ 129      |
| Restructuring, net of tax:   |   |             |                                     |             |
| Restructuring  | 7   | 6           | 11                                  | 11          |
| Tax benefit  |   | (2)         | (1)                                 | (3)         |
| Restructuring, net of tax:   | 7   | 4           | 10                                  | 8           |
| Undistributed earnings before restructuring                                  | 154   | 118         | 200                                 | 137         |
| Earnings allocated to Series A Preferred Stock                               |   | (38)        |                                     | (46)        |
| Net income available to common shareholders before restructuring, net of tax | \$ 154                                      | \$ 80       | \$ 200                              | \$ 91       |
| Weighted average common shares outstanding basic                             | 235.6                                       | 134.1       | 190.6                               | 134.0       |
| Basic earnings per share before restructuring, net of tax                    | \$ 0.65                                     | \$ 0.60     | \$ 1.05                             | \$ 0.67     |
| Diluted:   |   |             |                                     |             |
| Net income before restructuring, net of tax                                  | \$ 154                                      | \$ 118      | \$ 200                              | \$ 137      |
| Weighted average common shares outstanding basic                             | 235.6                                       | 134.1       | 190.6                               | 134.0       |
| Effect of dilutive securities (when dilutive):                               |   |             |                                     |             |
| Series A Preferred Stock   |   | 100.0       | 44.8                                | 100.0       |
| Stock Compensation Plans   | 0.1   | 0.2         | 0.2                                 | 0.2         |
| Weighted average common shares outstanding diluted                           | 235.7                                       | 234.3       | 235.6                               | 234.2       |
| Diluted earnings per share before restructuring, net of tax                  | \$ 0.65                                     | \$ 0.50     | \$ 0.85                             | \$ 0.58     |

**Industrial Gross and Operating Margin**

CNH defines industrial gross margin as Equipment Operations net sales less cost of goods sold. CNH defines industrial operating margin as Equipment Operations gross margin less selling, general and administrative and research and development costs. The following table summarizes the computation of Equipment Operations industrial gross and operating margin.

|  | Three Months Ended<br>June 30, |        |          |        | Six Months Ended<br>June 30, |        |          |        |
|--|--------------------------------|--------|----------|--------|------------------------------|--------|----------|--------|
|  | 2006                           |        | 2005     |        | 2006                         |        | 2005     |        |
|  | (in Millions)                  |        |          |        |                              |        |          |        |
| Net sales                              | \$ 3,497                       | 100.0% | \$ 3,394 | 100.0% | \$ 6,447                     | 100.0% | \$ 6,217 | 100.0% |
| Less:                                  |                                |        |          |        |                              |        |          |        |
| Cost of goods sold                     | 2,811                          | 80.4%  | 2,820    | 83.1%  | 5,273                        | 81.8%  | 5,234    | 84.2%  |
| Gross margin                           | 686                            | 19.6%  | 574      | 16.9%  | 1,174                        | 18.2%  | 983      | 15.8%  |
| Less:                                  |                                |        |          |        |                              |        |          |        |
| Selling, general and<br>administrative | 266                            | 7.6%   | 249      | 7.3%   | 516                          | 8.0%   | 490      | 7.9%   |
| Research and<br>development            | 96                             | 2.7%   | 77       | 2.3%   | 180                          | 2.8%   | 146      | 2.3%   |
| Industrial operating<br>margin         | \$ 324                         | 9.3%   | \$ 248   | 7.3%   | \$ 478                       | 7.4%   | \$ 347   | 5.6%   |

**CNH GLOBAL N.V.****Notes to Unaudited Condensed Consolidated Financial Statements****Adjusted EBITDA**

Adjusted EBITDA means Equipment Operations net income (loss) excluding (I) net interest expense, (II) income tax provision (benefit) (III) depreciation and amortization and (IV) restructuring. Net interest expense for Equipment Operations means (I) interest expense (excluding interest compensation to Financial Services) less (II) finance and interest income.

Adjusted EBITDA does not represent cash flows from operations as defined by U.S. GAAP, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income or net cash from operating activities under U.S. GAAP for purposes of evaluating results of operations and cash flows.

The following table reconciles Equipment Operations net cash from operating activities, the U.S. GAAP financial measure which we believe to be most directly comparable, to adjusted EBITDA.

|                                      | <b>Three Months<br/>Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             | <b>Twelve Months Ended<br/>June 30,</b> |             |
|--------------------------------------|--|-------------|--------------------------------------|-------------|---|-------------|
|                                      | <b>2006</b>                                | <b>2005</b> | <b>2006</b>                          | <b>2005</b> | <b>2006</b>                             | <b>2005</b> |
|                                      | <b>(in Millions)</b>                       |             |                                      |             |   |             |
| Net Cash from Operating Activities   | \$ 582                                     | \$ 882      | \$ 704                               | \$ 625      | \$ 928                                  | \$ 1,325    |
| Net Interest Expense:                |  |             |                                      |             |   |             |
| Interest Expense                     | 92   | 86          | 173                                  | 170         | 344                                     | 329         |
| Less: Finance and Interest Income    | (45)                                       | (32)        | (85)                                 | (58)        | (156)                                   | (104)       |
| Net Interest Expense                 | 47   | 54          | 88                                   | 112         | 188                                     | 225         |
| Income Tax Provision                 | 66   | 36          | 72                                   | 27          | 69                                      | (11)        |
| Restructuring:                       |  |             |                                      |             |   |             |
| Equipment Operations                 | 7  | 6           | 11                                   | 11          | 71                                      | 56          |
| Financial Services                   |  |             |                                      |             | 2                                       | 1           |
| Change in Other Operating Activities | (373)                                      | (704)       | (389)                                | (371)       | (441)                                   | (892)       |
| Adjusted EBITDA                      | \$ 329                                     | \$ 274      | \$ 486                               | \$ 404      | \$ 817                                  | \$ 704      |
| Net sales                            | \$ 3,497                                   | \$ 3,394    | \$ 6,447                             | \$ 6,217    | \$ 12,036                               | \$ 11,837   |
| Adjusted EBITDA as a % of net sales  | 9.4%                                       | 8.1%        | 7.5%                                 | 6.5%        | 6.8%                                    | 5.9%        |

**Interest Coverage Ratio**

CNH defines interest coverage for Equipment Operations as adjusted EBITDA, as defined above, divided by net interest expense, as defined above.

The following table details the computation of Equipment Operations interest coverage ratio.

|                         | <b>Twelve Months Ended<br/>June 30,</b> |             |
|-------------------------|---|-------------|
|                         | <b>2006</b>                             | <b>2005</b> |
|                         | <b>(in Millions, except<br/>ratios)</b> |             |
| Adjusted EBITDA         | \$ 817                                  | \$ 704      |
| Net Interest Expense    | \$ 188                                  | \$ 225      |
| Interest Coverage Ratio | 4.3                                     | 3.1         |

**CNH GLOBAL N.V.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Net Debt**

Net debt is defined as total debt less cash and cash equivalents, deposits in Fiat affiliates cash management pools and intersegment notes receivable. The calculation of net debt is shown below:

|  | <b>Equipment Operations</b>  |                               |                                  | <b>Financial Services</b>    |                              |                               |
|--|------------------------------|-------------------------------|----------------------------------|------------------------------|------------------------------|-------------------------------|
|  | <b>June<br/>30,<br/>2006</b> | <b>March<br/>31,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> | <b>June<br/>30,<br/>2005</b> | <b>June<br/>30,<br/>2006</b> | <b>March<br/>31,<br/>2006</b> |
|  | <b>(in Millions)</b>         |                               |                                  |                              |                              |                               |
| Total debt   | \$ 3,255                     | \$ 3,204                      | \$ 3,222                         | \$ 3,776                     | \$ 5,298                     | \$ 4,350                      |
| Less:  |                              |                               |                                  |                              |                              |                               |
| Cash and cash equivalent                             | 752                          | 827                           | 858                              | 471                          | 342                          | 367                           |
| Deposits in Fiat affiliates<br>cash management pools | 614                          | 557                           | 578                              | 1,419                        | 3                            | 3                             |
| Intersegment notes<br>receivables                    | 1,752                        | 1,199                         | 1,067                            | 1,062                        |                              |                               |
| Net debt   | \$ 137                       | \$ 621                        | \$ 719                           | \$ 824                       | \$ 4,953                     | \$ 3,980                      |

**Net Debt to Net Capitalization**

Net Capitalization is defined as the summation of Net Debt and Total Shareholders' Equity.

The calculation of Equipment Operations Net Debt and Net Debt to Net Capitalization as of June 30, 2006 and December 31, 2005 is shown below:

|                                | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> |
|--------------------------------|------------------------------|----------------------------------|
|                                | <b>(in Millions)</b>         |                                  |
| Net debt (as computed above)   | \$ 137                       | \$ 719                           |
| Total shareholders' equity     | 5,336                        | 5,052                            |
| Net capitalization             | \$ 5,473                     | \$ 5,771                         |
| Net debt to net capitalization | 2.5%                         | 12.5%                            |

The following table computes Equipment Operations Total Debt to Total Capitalization, the U.S. GAAP financial measure which we believe to be most directly comparable to Net Debt to Net Capitalization.

|                            | <b>June<br/>30,<br/>2006</b> | <b>December<br/>31,<br/>2005</b> |
|----------------------------|------------------------------|----------------------------------|
|                            | <b>(in Millions)</b>         |                                  |
| Total debt                 | \$ 3,255                     | \$ 3,222                         |
| Total shareholders' equity | 5,336                        | 5,052                            |



|                                    |          |    |       |
|------------------------------------|----------|----|-------|
| Total capitalization               | \$ 8,591 | \$ | 8,274 |
| Total debt to total capitalization | 37.9%    |    | 38.9% |

## CNH GLOBAL N.V.

Notes to Unaudited Condensed Consolidated Financial StatementsWorking Capital

Equipment Operations working capital is defined as accounts and notes receivable and other-net, excluding intersegment notes receivable, plus inventories less accounts payable. The U.S. dollar computation of working capital, as defined, is significantly impacted by exchange rate movements. To demonstrate the impact of these movements, we have computed working capital as of June 30, 2006 using December 31, 2005 exchange rates. The calculation of Equipment Operations working capital is shown below:

|   | <b>June 30,<br/>2006</b> | <b>June 30,<br/>2006<br/>at<br/>December<br/>31,<br/>2005 FX<br/>Rates</b> | <b>March 31,<br/>2006 at<br/>December<br/>31,<br/>2005 FX<br/>Rates<br/>(in Millions)</b> | <b>December<br/>31,<br/>2005</b> | <b>June 30,<br/>2005</b> |
|---|--------------------------|--|---|----------------------------------|--------------------------|
| Accounts, notes receivable and other net Third Party  | \$ 1,378                 | \$ 1,314   | \$ 1,233  | \$ 1,233                         | \$ 1,613                 |
| Accounts, notes receivable and other net Intersegment | 22                       | 22   | 25  | 10                               | 43                       |
| Accounts, notes receivable and other net Total        | 1,400                    | 1,336  | 1,258   | 1,243                            | 1,656                    |
| Inventories   | 2,657                    | 2,552  | 2,624   | 2,466                            | 2,612                    |
| Accounts payable Third Party                          | (1,968)                  | (1,874)  | (1,727)   | (1,580)                          | (1,825)                  |
| Accounts payable Intersegment                         | (22)                     | (22)   | (6)   | (61)                             | (36)                     |
| Accounts payable Total                                | (1,990)                  | (1,896)  | (1,733)   | (1,641)                          | (1,861)                  |
| Working capital                                       | \$ 2,067                 | \$ 1,992   | \$ 2,149  | \$ 2,068                         | \$ 2,407                 |

**SIGNATURES**

**Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.**

CNH Global N.V.

By: /s/ Camillo Rossotto

Camillo Rossotto  
Treasurer

July 26, 2006