

CNH GLOBAL N V  
Form 6-K  
January 27, 2011

# **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 January 2011**

**Commission File No. 333-05752**

# **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**

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(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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

(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- .)

**CNH GLOBAL N.V.**

Form 6-K for the month of January 2011

List of Exhibits:

1. News Release entitled, CNH Global posts full year sales growth of 13% to \$14.5 billion, 17% growth in Q4. Equipment Operations operating profit increased 138% to \$889 million. Net Income before restructuring and exceptional Items improved to \$496 million, at an EPS of \$2.08.

**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/ **RICHARD TOBIN**  
**Richard Tobin**  
**Chief Financial Officer**

January 27, 2011

**FOR IMMEDIATE RELEASE**

**For more information contact:**

**CNH Investor Relations +1 (630) 887-3745**

**CNH Global Posts Full Year Sales Growth of 13% to \$14.5 billion, 17% Growth in Q4;**

**Equipment Operations Operating Profit Increased 138% to \$889 million; Net Income**

**Before Restructuring and Exceptional Items Improved to \$496 million, at an EPS of \$2.08**

Net Sales improve 13% to \$14.5 billion (11% on a constant currency basis)

Agricultural equipment +8% (6% on a constant currency basis)

Construction equipment +39% (35% on a constant currency basis)

Equipment Operations Operating Profit of \$889 million, an increase of 138%

Equipment Operations generated \$1.8 billion in cash flow from operations; net cash of \$2.2 billion at year-end

FY Net inventory reduction of \$323 million, significant improvement in ageing profile of inventory

FY diluted EPS before exceptional items at \$2.08 per share, benefitted from one time tax adjustments, compared to a loss of \$0.48 per share in 2009

	Quarter Ended December 31,			Year Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
	(US \$ in millions, except per share data and percentages)					
Net Sales of Equipment	\$ 3,759	\$ 3,213	17.0%	\$ 14,474	\$ 12,783	13.2%
Equipment Operations Operating Profit	\$ 176	\$ 101	74.3%	\$ 889	\$ 373	138.3%
Equipment Operations Operating Margin	4.7%	3.1%	1.6 pts	6.1%	2.9%	3.2 pts
Financial Services Net Income	\$ 28	\$ 96	(70.8)%	\$ 159	\$ 174	(8.6)%
Net Income (Loss) Attributable to CNH	\$ 209	\$ 28	646.4%	\$ 452	\$ (190)	Nm
Net Income (Loss) Before Restructuring and Exceptional Items	\$ 216	\$ 47	359.6%	\$ 496	\$ (115)	Nm
Diluted EPS Before Restructuring and Exceptional Items	\$ 0.90	\$ 0.20	350.0%	\$ 2.08	\$ (0.48)	Nm

BURR RIDGE, IL. (January 27, 2011) CNH Global N.V. (NYSE: CNH) today announced financial results for the year ended December 31, 2010. For the year, net sales increased 13% (11% on a constant currency basis) to \$14.5 billion on the back of improving demand for agricultural equipment driven by increased prices in global agricultural commodities and construction equipment demand in the Americas and Rest of World markets. Equipment Operations posted an Operating Profit of \$889 million as a result of these higher volumes, increased industrial utilization in the Americas, and improved product mix. This positive performance was tempered by Western Europe markets remaining at low demand levels, increased raw material prices, and new product launch costs primarily in the construction equipment sector during the fourth quarter.

Net sales were 80% agricultural equipment and 20% construction equipment for the year. The geographical distribution of revenue for the period was 41% North America, 23% Western Europe, 19% Latin America, and 17% Rest of World markets.

Equipment Operations generated \$1.8 billion in cash flows from operations for the year including a \$323 million reduction of net inventory. Year to date capital expenditures totaled \$301 million, a 39% increase from the comparable period largely as a result of new product launches; 80% of the full year capital spend was on new products and production capacity. CNH's Equipment Operations ended the period with a net cash position of \$2.2 billion. The effective tax rate for 2010 was 19%, which was favorably impacted by the settlement of certain tax items in the fourth quarter and certain valuation allowances. The Group expects to return to a more normalized effective tax rate of 36% to 40% in 2011.

Net income before restructuring and exceptional items for the period was \$496 million as a result of improved top line and industrial operating performance, better results from the Group's non-consolidated entities, and a lower tax rate. This resulted in the Group generating a significant increase in full year diluted earnings per share to \$2.08 (before restructuring and exceptional items) compared to a loss of \$0.48 per share in 2009.

#### **2011 Market Outlook**

CNH anticipates that in 2011 the global agricultural markets will be flat to up 5% in tractors and up 5-10% in combines; in the global construction equipment market CNH's outlook for 2011 is for an increase of between 8-12% in light equipment and 5-10% in heavy equipment.

#### **2011 CNH Outlook**

CNH expects to outperform the market in unit growth as a result of new product launches, geographic footprint diversification, and heavy equipment bias in the agricultural sector resulting in an increased operating profit and margin from volume and industrial leverage.

Revenues on a constant currency basis are expected to be up by as much as 10% compared to the full year 2010.

Operating margin is expected to be between 7.1% and 7.9% consistent with our Strategic Business Plan.

**SEGMENT RESULTS****Agricultural Equipment**

	Quarter Ended			Year Ended		
	12/31/10	12/31/09	% Change	12/31/10	12/31/09	% Change
	(US \$ in millions, except percentages)					
Net Sales of Equipment	\$ 2,985	\$ 2,626	13.7%	\$ 11,528	\$ 10,663	8.1%
Gross Profit	\$ 561	\$ 478	17.4%	\$ 2,232	\$ 1,859	20.1%
Gross Margin	18.8%	18.2%	0.6 pts	19.4%	17.4%	2.0 pts
Operating Profit	\$ 211	\$ 167	26.3%	\$ 943	\$ 712	32.4%
Operating Margin	7.1%	6.4%	0.7 pts	8.2%	6.7%	1.5 pts

**Agricultural Equipment Industry and Market**

Worldwide agricultural industry unit sales increased 12% compared to the fourth quarter of 2009. Global tractor sales grew 12% while global combine sales grew 16% for the quarter. North American tractor sales were up 17% and combine sales up 28% on continued strong demand from the large cash crop segments. Latin America sales of tractors declined 6% and combine sales were up 16%. Western European markets improved for the quarter, with tractor sales up 12% and combine sales flat. Rest of World markets were up 13% in tractor sales and flat in combine sales. Global unit sales of tractors and combines for full year 2010 were up 8% and 2%, respectively.

**CNH Agricultural Equipment Fourth Quarter and Full Year Results**

CNH's net sales in the agricultural equipment sector increased 8% for the year (6% on a constant currency basis) as a result of solid trading conditions in the Americas due to increasing commodity prices and good harvest conditions. Trading conditions in Europe were more difficult, largely due to poor harvest conditions in certain countries and tight credit markets. Operating margin increased 22% to 8.2% on the higher unit volume driving manufacturing efficiency, and improved product mix to larger horsepower tractor and combine segments. Common platform design and low cost sourcing and localization initiatives continued apace with important projects approved for capacity expansions of whole goods and component parts started in the Group's Brazil and India operations.

Full year market share for the Group was largely in line with prior year in tractors and up approximately 2% in combines. Worldwide production was matched (+1%) with retail deliveries for the year as inventory levels were sufficient to accommodate transition stocks for new product launches.

Company and dealer inventories ended the period either in line with or below industry averages largely driven by strong demand in North America in Q4, partly influenced by preferential tax legislation, and selective production curtailments in Brazil to level load inventories for the year end. The Group's European industrial footprint remained at reduced activity levels due to slow market conditions and to allow for finished goods inventory reduction targets to be realized; industrial activity in Europe is forecast to increase in 2011.

The next generation of more powerful and fuel-efficient Steiger and Magnum tractors in North America along with a range of new Puma 130-160 series models with Continuous Variable Transmission (CVT) were launched by the Case IH Agriculture brand. All models are equipped to meet Tier 4A/Stage IIIB emission standards. In the US, the brand also released the new series Farmall A tractor, with innovative styling. In Brazil, Case IH launched four new Axial-Flow combines, the Magnum 335 tractor and the Maxxum tractor with extended axle.

The new T7, T8 and T9 tractors with Tier 4A/Stage IIIB -compliant Selective Catalytic Reduction (SCR) engines as well as the new Braud 9000L grape harvester were launched by the New Holland Agriculture brand. The brand also introduced the Blue Power T7070 Autocommand and T7060 Power Command tractors in Europe and North America. In Europe, the T6000 Elite 6-cylinder, light-weight tractors with electronic engine and power boost and range from 116 to 140 hp was also launched. In North America, the hydrogen-fuelled NH2 tractor debuted.

### Construction Equipment

	Quarter Ended			Year Ended		
	12/31/10	12/31/09	% Change	12/31/10	12/31/09	% Change
	(US \$ in millions, except percentages)					
Net Sales of Equipment	\$ 774	\$ 587	31.9%	\$ 2,946	\$ 2,120	39.0%
Gross Profit	\$ 77	\$ 45	71.1%	\$ 351	\$ 62	466.1%
Gross Margin	9.9%	7.7%	2.2 pts	11.9%	2.9%	9.0 pts
Operating Profit	\$ (35)	\$ (66)	nm	\$ (54)	\$ (339)	nm
Operating Margin	(4.5)%	(11.2)%	6.7 pts	(1.8)%	(16.0)%	14.2 pts

### Construction Equipment Industry and Market

Global construction equipment industry unit sales rose 35% in the fourth quarter compared to the prior year, with light equipment up 36% and heavy equipment up 35%. North American demand was up 34%, with light equipment volumes up 34% and heavy equipment rising 33%. Western European markets rose 21% as the industry began to rebuild from the prior year's low levels. In Latin America, the market was up 53%, driven by strong demand from projects in both the public and private sectors. Industry sales in Rest of World markets rose 38% with continued strong demand in the Asia-Pacific region, primarily the heavy equipment segment in China. For the full year, light equipment unit sales were up 35% and heavy equipment unit sales were up 59%.

### CNH Construction Equipment Fourth Quarter and Full Year Results

Full year 2010, net sales in the construction equipment sector grew 39% (35% on a constant currency basis) as a result of significant market improvements in the Latin American and Asian markets, and from the improvement in conditions in the North American market largely as a result of ageing fleet replacements. Operating profit for the year improved by \$285



million to \$(54) million due to increased production, wholesale unit increases (+50%), and reduced costs from prior period restructuring initiatives. In an improved sales environment, net inventory was reduced by 29% as a result of a focused effort to improve the ageing profile of the company and dealers' inventories in preparation for product launches initiated in Q4, which continue through 2011. During the period, primarily Q4, significant new product launch costs were incurred as several important product lines were re-tooled for the launch of new products into our dealer network.

Full year market share was flat to prior year across all segments with the exception of Latin America, which was down due to industrial capacity constraints in both the heavy and light segments. Capacity expansion plans have been initiated for two facilities to accommodate future market growth and in order to meet manufacturing localization targets.

Company and dealer inventories ended either in line with or below industry levels for the year. Worldwide production lagged retailed units by 13% to allow for de-stocking initiatives to be completed, and as a result of product launch related capacity losses. The Group expects production units to increase across the Group's industrial footprint in 2011 under current market demand estimates.

During 2010, four new N Series loader backhoes in North America and a range of four Construction King T Series tractor loader backhoes in Europe were launched under the Case Construction brand. *Better Roads* magazine named the Case 650L crawler dozer one of the "Top 20 Rollouts". Specialized magazines honored Case Construction with an "Excellence in Equipment Engineering" award in the loader backhoe category for the 590 Super M+ Series 3 loader backhoe and a recognition for the joystick steering in its Case E Series wheel loaders.

The first three models of the new range of wheeled excavators, the WE150, WE170 and WE190, were launched by the New Holland Construction brand. The brand also introduced the new E10SR, the smallest mini-excavator in its range. US magazine *Construction Equipment* named the New Holland Construction B Series loader backhoe as one of the Top 100 Products of 2009.

#### CNH Financial Services Fourth Quarter and Full Year Results

	Quarter Ended			Year Ended		
	12/31/10	12/31/09	% Change	12/31/10	12/31/09	% Change
	(US \$ in millions, except percentages)					
Net Income	\$ 28	\$ 96	(70.8)%	\$ 159	\$ 174	(8.6)%
On-Book Asset Portfolio	\$ 14,274	\$ 8,171	74.7%	\$ 14,274	\$ 8,171	74.7%
Managed Asset Portfolio	\$ 16,996	\$ 17,257	(1.5)%	\$ 16,996	\$ 17,257	(1.5)%

Net Income attributable to Financial Services was \$159 million for the year, compared with \$174 million in 2009; the 4th quarter of 2009 included \$84 million of asset-backed securitization gains in accordance with the prevailing accounting guidance which was changed prospectively in 2010. Market conditions continued to improve in North America in both the agricultural and construction equipment sectors while Europe stabilized in the second half of 2010. Full-year results were lower mainly due to higher provisions for credit losses

and a higher annual effective tax rate while financial margins improved and general and administrative expenses were maintained at 2009 levels despite the growth in volumes.

At December 31, 2010, delinquent receivables greater than 30 days past due were 5.2% of total managed portfolio, down from 7.4% at December 31, 2009, primarily due to the general improvement in global economic conditions.

#### Unconsolidated Equipment Operations Subsidiaries

Full year results for the Group's unconsolidated Equipment Operations subsidiaries improved to \$88 million from a prior year loss of \$46 million. The improved performance was driven across the breadth of the Group's joint venture portfolio with significant contributions from Turk Traktor in Turkey, CNH Mexico, and the Group's two joint ventures in Japan.

#### Other

##### *Exceptional and Other Items*

In Q3 of 2010, the Company completed the redemption of its \$500 million in notes due in 2014, and as a result, incurred a pretax loss of \$22 million (\$14 million after tax) on retirement of debt. The Company disposed of its participation in the LBX joint venture in Q2 of 2010 recording an exceptional after tax gain of \$4 million. In Q1 of 2010, the Company incurred \$20 million of tax charges due to the impact of the new U.S. Patient Protection and Affordable Care Act.

#### Equipment Operations Cash Flow and Net Debt

	Year Ended	
	12/31/10	12/31/09
	(US \$ in millions)	
Net Income (Loss)	\$ 438	\$ (222)
Depreciation & Amortization	291	270
Cash Change in Working Capital*	786	1,234
Other	296	(137)
<b>Net Cash Provided by Operating Activities</b>	<b>1,811</b>	<b>1,145</b>
Net Cash Provided (Used) by Investing Activities**	(313)	(240)
All Other	167	48
(Increase)/Decrease in Net Debt (Cash)	\$ 1,665	\$ 953
Net Debt (Cash)	\$ (2,195)	\$ (530)

\* Net cash change in receivables, inventories and payables including inter-segment receivables and payables.

\*\* Excluding Net (Deposits In)/Withdrawals from Fiat Cash Pools, as they are a part of Net Debt (Cash).

## ABOUT CNH

CNH Global N.V. is a world leader in the agricultural and construction equipment businesses. Supported by more than 11,600 dealers in approximately 170 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., whose stock is listed at the New York Stock Exchange (NYSE: [CNH](#)), is a majority-owned subsidiary of Fiat Industrial S.p.A. (FI.MI). More information about CNH and its Case and New Holland products can be found online at [www.cnh.com](http://www.cnh.com).

## CNH CONFERENCE CALL AND WEBCAST

CNH management will hold a conference call on January 27, 2011 to review fourth quarter and full year 2010 results. The conference call webcast will begin at 7:00 a.m. U.S. Central Time; 8:00 a.m. U.S. Eastern Time. This call can be accessed through the investor information section of the company's website at [www.cnh.com](http://www.cnh.com) and will be transmitted by CCBN.

## NON-GAAP MEASURES

*CNH 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 in the accompanying tables to this press release. 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 defines Equipment Operations Gross Profit as net sales of equipment less costs classified as cost of goods sold. CNH defines Equipment Operations Operating Profit as gross profit less costs classified as selling, general and administrative and research and development costs. CNH defines Equipment Operations Gross Margin as gross profit as a percent of net sales of equipment. CNH defines Equipment Operations Operating Margin as operating profit as a percent of net sales of equipment. Net Debt (Cash) is defined as total debt (including intersegment debt) less cash and cash equivalents, deposits in Fiat affiliates cash management pool and intersegment notes receivable. CNH defines Net income (loss) and diluted EPS before restructuring and exceptional items as Net income (loss) attributable to CNH, less restructuring charges and exceptional items, after tax. Equipment Operations working capital is defined as accounts and notes receivable and other-net, excluding intersegment notes receivables, plus inventories less accounts payable. The U.S. dollar computation of cash generated from working capital, as defined, is impacted by the effect of foreign currency translation and other non-cash transactions. CNH defines the change in net sales on a constant currency basis as the difference between prior year actual net sales and current year net sales translated at prior year average exchange rates. Elimination of the currency translation effect provides constant comparisons without the distortion of currency rate fluctuations.*

**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, operating results, 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, outlook, continue, 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 the availability of credit and to interest rates and government spending. Some of the other significant factors which may affect our results 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 customers' access to credit, restrictive covenants in our debt agreements, actions by rating agencies concerning the ratings of our debt securities and asset backed securities, risks related to our relationship with Fiat Industrial S.p.A., the effect of the demerger transaction consummated by Fiat S.p.A. pursuant to which CNH was separated from Fiat S.p.A.'s automotive business and has become a subsidiary of Fiat Industrial S.p.A, political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including those related to tax, healthcare, retiree benefits, government subsidies and international trade), the results of legal proceedings, 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 and critical suppliers, 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 margin 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 annual report on Form 20-F for the year ended December 31, 2009.*

*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.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND SUPPLEMENTAL INFORMATION

For the Three Months Ended December 31, 2010 and 2009

(Unaudited)

	Consolidated		Equipment Operations		Financial Services	
	Three Months Ended December 31,		Three Months Ended December 31,		Three Months Ended December 31,	
	2010	2009	2010	2009	2010	2009
	(in millions, except per share data)					
<b>Revenues:</b>						
Net sales	\$ 3,759	\$ 3,213	\$ 3,759	\$ 3,213	\$	\$
Finance and interest income	296	297	47			