

CNH CAPITAL CANADA WHOLESALE TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2010 AND 2009 (In Canadian Dollars)

GENERAL

Management's Discussion and Analysis ("MD&A"), dated April 8, 2011, should be read in conjunction with the audited financial statements for the years ended December 31, 2010 and 2009. Management is responsible for the reliability and timeliness of the information disclosed in the MD&A.

BUSINESS OF THE TRUST

CNH Capital Canada Wholesale Trust (the "Trust") was established by The Canada Trust Company as Issuer Trustee (the "Issuer Trustee"), under the laws of the Province of Ontario by Declaration of Trust dated April 30, 2004. BNY Trust Company of Canada is the Indenture Trustee.

The Trust is a special purpose trust whose business is specifically limited to (i) purchasing finance receivables and certain related rights and assets (collectively, the "Purchased Assets") from CNH Capital Canada Ltd. ("CNH Capital Canada" or the "Seller"), which Purchased Assets were acquired with proceeds from asset-backed securities issued by the Trust (the "Notes") and through residual indebtedness of the Trust to CNH Capital Canada, (ii) holding, managing and disposing of Purchased Assets, (iii) making payments on its securities, and (iv) engaging in incidental and ancillary activities. Collections on the Purchased Assets are used to pay the obligations of the Trust, including the payment of interest and principal owing on the securities issued by it.

Pursuant to the Administration Agreement between the Issuer Trustee and CNH Capital Canada (the "Administrator"), and the Sale and Servicing Agreement between the Issuer Trustee and CNH Capital Canada (the "Servicer"), CNH Capital Canada carries out certain administrative and management activities for and on behalf of the Trust, including the administration, servicing, and collection of the Purchased Assets. The Trust pays a fee to CNH Capital Canada for the performance of the activities and fulfillment of its responsibilities under the Administration Agreement. No fee is payable by the Trust to CNH Capital Canada for the servicing of the Purchased Assets pursuant to the Sales and Servicing Agreement since the Purchased Assets are sold to the Trust by CNH Capital Canada on a fully-serviced basis. The Trust has no employees.

In August 2009, the Trust paid \$175,598,000 in principal to the holders of the Series CW2006-1 CNH Capital Canada Wholesale Trust Floating Rate Class A Wholesale Receivables Backed Notes and \$14,402,000 in principal to the holders of the Series CW2006-1 CNH Capital Canada Wholesale Trust Floating Rate Class B Wholesale Receivables Backed Notes.

In November 2009, the Trust issued the CNH Capital Canada Wholesale Trust Floating Rate Wholesale Receivables Backed Notes, Series CW2009-1, Class A and B Notes, which were publicly placed pursuant to a prospectus. Pursuant to a redemption notice issued by the Trust dated March 16, 2011, the Trust intends to redeem all of the issued and outstanding Series CW2009-1 Notes on May 16, 2011.

In September 2010, the Trust issued the CNH Capital Canada Wholesale Trust Variable Funding Wholesale Receivables-Backed Notes, Series CW2010-1, which was privately placed with a qualified institutional buyer.

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RESULTS OF OPERATIONS

The Trust's pool balance of Purchased Assets increased by \$48,184,825 to \$663,859,338 as at December 31, 2010, from \$615,674,513 as at December 31, 2009. With respect to the Purchased Assets, principal collections were \$1,708,269,349 and \$1,719,206,145 during the years ended December 31, 2010 and 2009, respectively. Credit losses for the years ended December 31, 2010 and 2009 were \$Nil and \$612,822, respectively.

The Trust has no income other than scheduled interest income derived from the Purchased Assets and investment earnings from the restricted cash and cash equivalents. Interest income for the year ended December 31, 2010, totaled \$52,542,653 compared to \$45,616,295 for the year ended December 31, 2009, and \$43,851,805 for the year ended December 31, 2008.

In connection with the Notes and Seller's interest for the year ended December 31, 2010, the Trust incurred interest expense of \$52,533,653 compared to \$45,609,995 for the year ended December 31, 2009.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Trust's unaudited financial information for each of the quarters in the years ended December 31, 2010 and 2009:

	2010			
	Q1	Q2	Q3	Q4
Interest income	\$ 11,723,000	\$ 12,792,728	\$ 13,902,360	\$ 14,124,565
	2009			
	Q1	Q2	Q3	Q4
Interest income	\$ 10,525,276	\$ 10,887,725	\$ 12,917,444	\$ 11,285,850

TRANSACTIONS WITH RELATED PARTIES

For the years ended December 31, 2010 and 2009, the Trust's interest expense paid to CNH Capital Canada with respect to residual indebtedness was \$43,154,339 and \$43,889,408, respectively. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total interest expense on the Statements of Operations, Comprehensive Income and Undistributed Income includes amounts paid to related parties for interest on the residual indebtedness.

As at December 31, 2010 and 2009, the amount due to related parties with respect to residual indebtedness is \$242,749,626 and \$307,464,460, respectively.

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ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and revenues and expenses for the year reported. The most significant estimate relates to the estimation of credit losses on investment in wholesale receivables. Actual results could differ from those estimates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants ("CICA") requires that Canadian GAAP be replaced by International Financial Reporting Standards ("IFRS") for years commencing on or after January 1, 2011 for all publicly accountable enterprises. The Trust will begin to report its financial statements in accordance with IFRS for its fiscal year commencing on January 1, 2011, with fiscal 2010 IFRS comparative results.

Based on management's analysis to date, the adoption of IFRS will not have any impact on the calculation of the Trust's net assets and its financial performance. Management's analysis of the differences between IFRS and Canadian GAAP indicate the following areas as having the most significant impact to the Trust's accounting policies and financial reporting upon conversion to IFRS.

The principles of International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*, concerning the derecognition of financial assets are complex and are different from the approach under Canadian GAAP. IFRS has adopted a different approach for determining whether a financial asset or financial liability qualifies for derecognition. Financial assets are derecognized if substantially all risks and rewards have been transferred.

The assessment of control of the financial assets or financial liabilities is then a secondary consideration after the risks and rewards have been analyzed. Under Canadian GAAP, the assessment of control over the transferred assets is the primary factor in achieving derecognition. The determination of whether the Purchased Assets being sold to the Trust from CNH Capital Canada qualify for derecognition from the point of view of CNH Capital Canada will determine the financial reporting and presentation implications of the securitization transactions that the Trust enters into with CNH Capital Canada. Effective January 1, 2010, CNH Capital Canada consolidates the Trust's Purchased Assets and related liabilities.

Other areas that will likely have an impact on the Trust's accounting policies and financial reporting include IFRS 1, *First Time Adoption of IFRS*; IAS 1, *Presentation of Financial Statements* and IAS 24, *Related Party Transactions*. Based on management's analysis to date, the transition to IFRS will not have a significant impact on the Trust's information systems or internal controls.

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RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices and credit spreads.

Interest rate risk refers to the risk that the fair value or income and future cash flows of a financial instrument will vary as a result of changes in market interest rates. Both the investment in wholesale receivables and notes payable are impacted by floating interest rates. Interest rate risk can arise because the pricing bases are not identical and the spread over prime charged to customers is not fixed. The payment of the Notes is satisfied by the collections and other amounts received in respect of the Trust's purchase of the portfolio of wholesale receivables. Therefore, the differential between the rate earned on the wholesale receivables and paid on the debt can vary. CNH Capital Canada has the ability to raise rates on receivables, thus an increase in the debt CDOR rate without a corresponding increase in the receivables prime rate can be offset by increasing the spread over prime. Theoretically, CNH Capital Canada can offset any adverse increase in debt cost with an increase in receivables income. However, if CNH Capital Canada chooses to allow net interest margin to narrow, a 1% increase or decrease applied to the \$663,859,338 and \$615,674,513 of outstanding receivables as at December 31, 2010 and 2009, respectively, with no change in debt rate would increase or decrease interest income by \$6,638,593 and \$6,156,745, respectively. A 1% increase or decrease in the rate on the \$443,000,000 and \$325,000,000 of debt outstanding as at December 31, 2010 and 2009, respectively, would increase or decrease interest expense by \$4,430,000 and \$3,250,000, respectively. It is important to note that CNH Capital Canada is required to maintain dealer rates at a level such that the amount paid by dealers and its related manufacturer, CNH Canada Ltd., equals or exceeds the amount paid to bondholders.

The Trust is not exposed to losses from foreign exchange rates, equity or commodity prices. During the years ended December 31, 2010 and 2009, all of the Trust's transactions were denominated in Canadian dollars and the Trust did not invest in equities or commodities.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations and may arise directly from claims against a debtor or obligor, an issuer of securities or indirectly from claims against a guarantor of credit obligation.

The Trust's investment in the Purchased Assets results in significant concentrations of credit risk in the agricultural and construction industries in Canada. Numerous factors can affect the future performance of the Trust. These factors include the general level of activity in the agricultural and construction industries, the rate of North American agricultural production and demand, weather conditions, commodity prices, consumer confidence, government subsidies for the agricultural sector and prevailing levels of constructions (especially housing starts). The Trust manages this risk through the Seller's interest, which provides the Trust with overcollateralization designed to minimize its credit risk. The principal balance of accounts greater than 30 days delinquent was \$1,738,145 and \$4,957,482 at December 31, 2010 and 2009, respectively, which represented 0.26% and 0.81% respectively, of the Trust's portfolio.

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RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

As of December 31, 2010, the portfolio of the wholesale receivables by product line and by industry is as follows:

Product Line	Agriculture	Construction	Total Portfolio
Dealer floorplan	\$ 546,335,786	\$ 69,373,302	\$ 615,709,088
Parts	20,998,706	3,538,734	24,537,440
Rental equipment	<u>1,932,052</u>	<u>21,680,758</u>	<u>23,612,810</u>
	<u>\$ 569,266,544</u>	<u>\$ 94,592,794</u>	<u>\$ 663,859,338</u>

As at December 31, 2009, the portfolio of the wholesale receivables by product line and by industry is as follows:

Product Line	Agriculture	Construction	Total Portfolio
Dealer floorplan	\$ 491,658,742	\$ 68,277,667	\$ 559,936,409
Parts	16,833,789	2,516,363	19,350,152
Rental equipment	<u>8,309,951</u>	<u>28,078,001</u>	<u>36,387,952</u>
	<u>\$ 516,802,482</u>	<u>\$ 98,872,031</u>	<u>\$ 615,674,513</u>

As at December 31, 2010 and 2009, the Trust's maximum credit exposure was \$686,812,309 and \$633,579,649, respectively, being the total of its assets recorded on the Statements of Net Assets.

Liquidity Risk

Liquidity and funding risk is the risk that the Trust may be unable to generate or obtain sufficient cash or cash equivalents in a timely and cost effective manner to meet its commitments as they come due. The Trust's restricted cash and cash equivalents balance totalled \$20,565,284 as of December 31, 2010, compared to \$15,713,748 as at December 31, 2009. The Trust's borrowings are comprised of the Notes and indebtedness to CNH Capital Canada incurred in connection with the acquisition of the Purchased Assets. The balance of the outstanding Notes and Seller's interest was \$685,749,626 as at December 31, 2010, compared to \$632,464,460 as at December 31, 2009. Interest on the Notes is payable monthly in arrears on the 15th day of each month. As at December 31, 2010 and 2009, the cash flows from the Trust's investment in the Purchased Assets were expected to provide sufficient liquidity for the repayment of the Trust's borrowings and the interest expense on those borrowings.

Measurement of Fair Values and Categorization of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Trust determines fair value using available market information or other appropriate valuation methodologies such as discounted cash flow analysis. Fair values using valuation models require the use of assumptions concerning the amount and timing of estimated cash flows and discount rates. In determining those assumptions, the Trust looks primarily to external observable market inputs including factors such as interest yield curves and price or rate volatilities as applicable.

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RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Measurement of Fair Values and Categorization of Financial Instruments (continued)

The CICA Handbook Section 3862, *Financial Instruments – Disclosures* (“Section 3862”), requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1* Inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3* One or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The disclosures required by Section 3862 are included in the Measurement of Fair Values and Categorization of Financial Instruments financial statement note disclosure.

DISCLOSURE CONTROLS AND PROCEDURES

The Trust's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws. This includes controls and procedures designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure to be made. As of December 31, 2010 and 2009, an evaluation was carried out, under the supervision of and with the participation of management of CNH Capital Canada, of the effectiveness of the Trust's disclosure controls and procedures as defined under National Instrument 52-109. Based on that evaluation, management concluded that the design and operation of the Trust's disclosure controls and procedures were effective as at December 31, 2010 and 2009.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management of CNH Capital Canada assessed the design effectiveness of the Trust's internal control over financial reporting as at December 31, 2010, and based on that assessment determined that the Trust's internal control over financial reporting design was effective. No changes were made in the Trust's internal control over financial reporting during the years ended December 31, 2010 and 2009, that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

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(In Canadian Dollars)**

ADDITIONAL INFORMATION

Additional information regarding the Trust is available at www.sedar.com.