Quarterly Report of
CNH Capital LLC
For the Quarterly Period Ended June 30, 2012

TABLE OF CONTENTS

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
REVENUES:				
Interest income on retail and other receivables and finance leases	$ 110,248	$ 113,786	$ 221,830	$ 230,795
Interest income from affiliates	38,621	33,826	73,614	64,436
Servicing fee income	288	547	594	971
Rental income on operating leases	40,112	41,512	80,454	81,792
Other income	17,296	18,012	33,336	35,511
Total revenues	206,565	207,683	409,828	413,505
EXPENSES:				
Interest expense:				
Interest expense to third parties	56,049	56,908	111,191	113,513
Interest expense to affiliates	7,525	12,408	17,699	25,793
Total interest expense	63,574	69,316	128,890	139,306
Operating expenses:				
Fees charged by affiliates	17,535	14,505	32,283	30,686
Provision for credit losses	3,116	6,202	3,738	5,259
Depreciation of equipment on operating leases	26,461	28,678	53,394	56,947
Other expenses	10,823	10,083	18,027	17,923
Total operating expenses	57,935	59,468	107,442	110,815
Total expenses	121,509	128,784	236,332	250,121
INCOME BEFORE TAXES	85,056	78,899	173,496	163,384
Income tax provision	30,484	28,252	61,361	59,504
NET INCOME	54,572	50,647	112,135	103,880
Net income attributed to noncontrolling interest	(388)	(394)	(752)	(805)
NET INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 54,184	$ 50,253	$ 111,383	$ 103,075

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
NET INCOME	$ 54,572	$ 50,647	$ 112,135	$ 103,880
Other comprehensive (loss) income				
Foreign currency translation adjustment	(12,643)	2,386	(1,004)	14,096
Defined benefit pension plans:				
Pension liability adjustment (net of tax expense of $57, $54, $114 and $125, respectively)	95	73	190	178
Unrealized gains on retained interests:				
Unrealized gains on retained interests (net of tax benefit of $282, $363, $579 and $782, respectively)	(409)	(572)	(957)	(1,103)
Derivative financial instruments:				
Losses reclassified to earnings (net of tax expense of $607, $1,610, $1,318 and $3,677, respectively)	1,114	3,299	2,395	6,835
Gains deferred (net of tax benefit of $11, $3,074, $117 and $3,047, respectively)	(34)	(5,720)	(263)	(5,525)
Other comprehensive (loss) income	(11,877)	(534)	361	14,481
COMPREHENSIVE INCOME	42,695	50,113	112,496	118,361
Less: comprehensive income attributable to noncontrolling interest	(388)	(394)	(752)	(805)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 42,307	$ 49,719	$ 111,744	$ 117,556

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2012 AND DECEMBER 31, 2011
(In thousands)
(Unaudited)

	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	$ 212,107	$ 594,093
Restricted cash	1,158,719	767,359
Receivables, less allowance for credit losses of $89,086 and $106,673, respectively	10,436,814	9,386,549
Retained interests in securitized receivables	12,831	17,289
Affiliated accounts and notes receivable	17,611	193,917
Equipment on operating leases, net	669,839	647,617
Equipment held for sale	24,036	32,131
Goodwill	116,797	116,830
Other intangible assets, net	2,854	3,259
Other assets	72,379	142,107
TOTAL	$ 12,723,987	$ 11,901,151
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
Short-term debt (including current maturities of long-term debt)	$ 5,025,594	$ 4,796,035
Accounts payable and other accrued liabilities	361,621	450,828
Affiliated debt	1,195,176	819,270
Long-term debt	4,781,421	4,587,773
Total liabilities	11,363,812	10,653,906
STOCKHOLDER'S EQUITY:		
Member's capital	--	--
Paid-in capital	836,721	836,721
Accumulated other comprehensive income	29,077	28,716
Retained earnings	438,302	326,919
Total CNH Capital LLC stockholder's equity	1,304,100	1,192,356
Noncontrolling interest	56,075	54,889
Total stockholder's equity	1,360,175	1,247,245
TOTAL	$ 12,723,987	$ 11,901,151

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2012 AND DECEMBER 31, 2011
(In thousands)
(Unaudited)

The following table presents certain assets and liabilities of consolidated variable interest entities ("VIEs"), which are included in the consolidated balance sheets above. The assets in the table include only those assets that can be used to settle obligations of consolidated VIEs. The liabilities in the table include third-party liabilities of the consolidated VIEs, for which creditors do not have recourse to the general credit of CNH Capital LLC.

	June 30, 2012	December 31, 2011
Restricted cash	$ 1,129,755	$ 738,478
Receivables, less allowance for credit losses of $52,785 and $39,309, respectively	7,658,953	7,823,615
Equipment on operating leases, net	50,243	94,018
TOTAL	$ 8,838,951	$ 8,656,111
Short-term debt (including current maturities of long-term debt)	$ 4,868,876	$ 4,583,407
Long-term debt	3,834,726	3,634,629
TOTAL	$ 8,703,602	$ 8,218,036

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In thousands)
(Unaudited)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 112,135	$ 103,880
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation on property and equipment and equipment on operating leases	53,432	57,020
Amortization on intangibles	527	550
Provision for credit losses	3,738	5,259
Deferred income tax (benefit) expense	(4,590)	44,686
Changes in components of working capital:		
Decrease in affiliated accounts and notes receivables	176,736	30,374
Decrease in other assets and equipment held for sale	78,748	132,513
Decrease in accounts payable and other accrued liabilities	(83,111)	(34,948)
Net cash from operating activities	337,615	339,334
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cost of receivables acquired	(8,860,130)	(8,363,774)
Collections of receivables	7,807,128	7,529,418
(Increase) decrease in restricted cash	(391,471)	154,226
Purchase of equipment on operating leases	(182,833)	(188,789)
Proceeds from disposal of equipment on operating leases	107,033	115,270
Purchase of software	(120)	(202)
Net cash used in investing activities	(1,520,393)	(753,851)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of affiliated debt	1,064,709	462,850
Payment of affiliated debt	(688,725)	(726,154)
Proceeds from issuance of long-term debt	2,075,425	1,851,576
Payment of long-term debt	(1,739,497)	(1,203,666)
Increase (decrease) in revolving credit facilities	88,880	(196,620)
Net cash from financing activities	800,792	187,986
DECREASE IN CASH AND CASH EQUIVALENTS	(381,986)	(226,531)
CASH AND CASH EQUIVALENTS:		
Beginning of period	594,093	420,792
End of period	$ 212,107	$ 194,261
CASH PAID DURING THE PERIOD FOR INTEREST	$ 130,505	$ 141,948
CASH PAID DURING THE PERIOD FOR TAXES	$ 29,113	$ 40,998

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

CNH CAPITAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In thousands)
(Unaudited)

	Company Stockholder					
	Member's Capital	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-Controlling Interest	Total
BALANCE – January 1, 2011	$ --	$ 836,721	$ 45,642	$ 211,873	$ 53,401	$ 1,147,637
Net income	--	--	--	103,075	805	103,880
Foreign currency translation adjustment	--	--	14,096	--	--	14,096
Pension liability adjustment, net of tax	--	--	178	--	--	178
Unrealized gain on retained interests, net of tax	--	--	(1,103)	--	--	(1,103)
Derivative financial instruments:						
Losses reclassified to earnings, net of tax	--	--	6,835	--	--	6,835
Losses deferred, net of tax	--	--	(5,525)	--	--	(5,525)
BALANCE – June 30, 2011	$ --	$ 836,721	$ 60,123	$ 314,948	$ 54,206	$ 1,265,998
BALANCE – January 1, 2012	$ --	$ 836,721	$ 28,716	$ 326,919	$ 54,889	$ 1,247,245
Net income	--	--	--	111,383	752	112,135
Preferred stock issuance	--	--	--	--	434	434
Foreign currency translation adjustment	--	--	(1,004)	--	--	(1,004)
Pension liability adjustment, net of tax	--	--	190	--	--	190
Unrealized gain on retained interests, net of tax	--	--	(957)	--	--	(957)
Derivative financial instruments:						
Losses reclassified to earnings, net of tax	--	--	2,395	--	--	2,395
Losses deferred, net of tax	--	--	(263)	--	--	(263)
BALANCE – June 30, 2012	$ --	$ 836,721	$ 29,077	$ 438,302	$ 56,075	$ 1,360,175

See the accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

NOTE 1: BASIS OF PRESENTATION

The accompanying consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of (a) the consolidated net income for the three and six months ended June 30, 2012 and 2011, (b) the consolidated comprehensive income for the three and six months ended June 30, 2012 and 2011, (c) the consolidated financial position as of June 30, 2012 and December 31, 2011, (d) the consolidated changes in stockholder's equity for the six months ended June 30, 2012 and 2011 and (e) the consolidated cash flows for the six months ended June 30, 2012 and 2011.

The December 31, 2011 financial position data included herein was derived from the audited financial statements for the year ended December 31, 2011, but does not include all disclosures required by generally accepted accounting principles in the United States of America ("U.S. GAAP").

CNH Capital LLC and its wholly-owned operating subsidiaries, including New Holland Credit Company, LLC and CNH Capital America LLC, and its majority-owned operating subsidiary CNH Capital Canada Ltd. (collectively, "CNH Capital" or the "Company"), are each a wholly-owned subsidiary of CNH America LLC ("CNH America"), which is an indirect wholly-owned subsidiary of CNH Global N.V. ("CNH"). CNH manufactures agricultural and construction equipment. CNH Capital provides financial services for CNH America and CNH Canada Ltd. (collectively, "CNH North America") customers primarily located in the United States and Canada.

As of June 30, 2012, Fiat Industrial S.p.A. ("Fiat Industrial," and together with its subsidiaries, the "Fiat Industrial Group") owned approximately 88% of CNH's outstanding common shares through its wholly-owned subsidiary, Fiat Netherlands Holding B.V. ("Fiat Netherlands").

On May 30, 2012, the Board of Directors of CNH Global received a proposal from Fiat Industrial to enter into a combination transaction. The Board of Directors of CNH Global is evaluating the proposal through a special committee of unconflicted directors, which has retained independent financial and legal advisors to assist it. The special committee will make a recommendation to the unconflicted members of the Board. The Board of Directors of CNH Global, through the special committee, has not yet completed its evaluation of the proposal and there can be no assurance that the proposal will lead to any definitive offer, that any agreement will be reached or that any transaction will be consummated.

The Company has prepared the accompanying consolidated financial statements in accordance with U.S. GAAP. The consolidated financial statements include the Company and its consolidated subsidiaries. The consolidated financial statements are expressed in U.S. dollars. The consolidated financial statements include the accounts of the Company's subsidiaries in which the Company has a controlling financial interest and reflect the noncontrolling interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. A controlling financial interest may exist based on ownership of a majority of the voting interest of a subsidiary, or based on the Company's determination that it is the primary beneficiary of a variable interest entity ("VIE"). The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the economic performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. The Company assesses whether it is the primary beneficiary on an ongoing basis, as prescribed by the accounting guidance on the consolidation of VIEs. The consolidated status of the VIEs with which the Company is involved may change as a result of such reassessments.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and reported amounts of revenues and expenses. Significant estimates in these consolidated financial statements include the residual values of equipment on operating leases and allowance for credit losses. Actual results could differ from those estimates.

These interim financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the annual report for the year ended December 31, 2011. Interim results are not necessarily indicative of those expected for the entire year.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting standards adopted during the six months ended June 30, 2012.

NOTE 3: ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income and its components are presented in the consolidated statements of comprehensive income. The components of accumulated other comprehensive income as of June 30, 2012 and December 31, 2011 are as follows:

	June 30, 2012	December 31, 2011
Cumulative foreign currency translation adjustment	$ 42,832	$ 43,836
Pension liability adjustment net of taxes of $3,153 and $3,267, respectively	(5,204)	(5,394)
Unrealized gains on retained interests net of taxes of $1,380 and $1,959, respectively	2,277	3,234
Unrealized loss on derivative financial instruments net of taxes of $5,756 and $6,957, respectively	(10,828)	(12,960)
Total	$ 29,077	$ 28,716

NOTE 4: RECEIVABLES

A summary of receivables included in the consolidated balance sheets as of June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012	December 31, 2011
Wholesale receivables	$ 74,510	$ 87,600
Retail receivables	563,811	731,807
Finance leases	57,468	53,391
Restricted receivables	9,770,968	8,566,514
Other notes	88,790	82,098
Gross receivables	10,555,547	9,521,410
Less:		
Unearned finance charges	(29,647)	(28,188)
Allowance for credit losses	(89,086)	(106,673)
Total receivables, net	$ 10,436,814	$ 9,386,549

Restricted Receivables and Securitization

As part of its overall funding strategy, the Company periodically transfers certain financial receivables into VIEs that are special purpose entities ("SPEs") as part of its asset-backed securitization programs.

SPEs utilized in the securitization programs differ from other entities included in the Company's consolidated financial statements because the assets they hold are legally isolated from the Company's assets. For bankruptcy analysis purposes, the Company has sold the receivables to the SPEs in a true sale and the SPEs are separate legal entities. Upon transfer of the receivables to the SPEs, the receivables and certain cash flows derived from them become restricted for use in meeting obligations to the SPEs' creditors. The SPEs have ownership of cash balances that also have restrictions for the SPEs' investors. The Company's interests in the SPEs' receivables are subordinate to the interests of third-party investors. None of the receivables that are directly or indirectly sold or transferred in any of these transactions are available to pay the Company's creditors.

The following table summarizes the restricted and off-book receivables and the related retained interests as of June 30, 2012 and December 31, 2011:

	Restricted Receivables		Off-Book Receivables		Retained Interests	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Wholesale receivables	$ 3,609,955	$ 2,884,516	$ --	$ --	$ --	$ --
Retail receivables	5,927,558	5,454,279	72,266	108,476	12,831	17,289
Finance lease receivables	31,168	47,000	--	--	--	--
Revolving account receivables	202,287	180,719	--	--	--	--
Total	$ 9,770,968	$ 8,566,514	$ 72,266	$ 108,476	$ 12,831	$ 17,289

With regard to the wholesale receivable securitization programs, the Company sells eligible receivables on a revolving basis to structured master trust facilities, which are limited-purpose, bankruptcy-remote SPEs. The Company's involvement with the securitization trusts includes servicing the wholesale receivables, retaining an undivided interest ("seller's interest") in the receivables and holding cash reserve accounts. The seller's interest in the trusts represents the Company's undivided interest in the receivables transferred to the trust. The Company maintains cash reserve accounts at predetermined amounts to provide security to investors in the event that cash collections from the receivables are not sufficient to remit principal and interest payments on the securities. The investors and the securitization trusts have no recourse beyond the Company's retained interests for failure of debtors to pay when due. The Company's retained interests are subordinate to investors' interests.

Within the U.S. retail asset securitization programs, qualifying retail finance receivables are sold to limited-purpose, bankruptcy-remote SPEs. In turn, these SPEs establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. In Canada, the receivables are transferred directly to the trusts. The Company receives compensation for servicing the receivables transferred and earns other related ongoing income customary with the securitization programs. The Company also may retain all or a portion of subordinated interests in the SPEs.

Three private retail transactions totaling $72,266 and $108,476 were not included in the Company's consolidated balance sheets as of June 30, 2012 and December 31, 2011, respectively.

The Company, through a trust, securitizes originated revolving account receivables. The committed asset-backed facility has an original two-year term and is renewable in October 2012. The Company's continuing involvement with the securitization trust includes servicing the receivables and maintaining a cash reserve account, which provides security to investors in the event that cash collections from the receivables are not sufficient to remit principal and interest payments on the securities. The investors and the securitization trust have no recourse to the Company for failure of debtors to pay when due beyond the Company's retained interest assets. Further, the Company's retained interests are subordinate to the investors' interests.

Allowance for Credit Losses

The allowance for credit losses is established to cover probable losses for receivables owned by the Company and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers all or a portion of receivables specifically reviewed by management for which the Company has determined it will not collect all of the contractual principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, amounts past due, collateral value, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the present value of expected future cash flows discounted at the receivables' effective interest rate or the fair value of the collateral for collateral-dependent receivables and receivables for which foreclosure is deemed to be probable. When the values are lower than the carrying value of the receivables, impairment is recognized.

The second component of the allowance for credit losses covers all receivables that are not yet individually identifiable. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquencies. The allowance for wholesale credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and dealer risk ratings. The loss forecast models are updated on a quarterly basis and incorporate information reflecting the current economic environment.

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

The Company's allowance for credit losses is segregated into three portfolio segments: retail, wholesale and other. A portfolio segment is the level at which the Company develops a systematic methodology for determining its allowance for credit losses. The retail segment includes retail and finance lease receivables. The wholesale segment includes wholesale financing to CNH North America dealers, and the other portfolio includes the Company's commercial revolving accounts.

Further, the Company evaluates its portfolio segments by class of receivable: United States and Canada. Typically, the Company's receivables within a geographic area have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

Allowance for credit losses activity for the three months ended June 30, 2012 is as follows:

	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	$ 81,280	$ 11,640	$ 10,378	$ 103,298
Charge-offs	(17,051)	(38)	(1,938)	(19,027)
Recoveries	1,023	44	739	1,806
Provision	2,271	(183)	1,028	3,116
Foreign currency translation and other	(60)	(19)	(28)	(107)
Ending balance	$ 67,463	$ 11,444	$ 10,179	$ 89,086

Allowance for credit losses activity for the six months ended June 30, 2012 is as follows:

	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	$ 83,233	$ 12,163	$ 11,277	$ 106,673
Charge-offs	(21,389)	(38)	(4,368)	(25,795)
Recoveries	2,879	102	1,502	4,483
Provision	2,759	(788)	1,767	3,738
Foreign currency translation and other	(19)	5	1	(13)
Ending balance	$ 67,463	$ 11,444	$ 10,179	$ 89,086
Ending balance: individually evaluated for impairment	$ 25,089	$ 9,603	$ --	$ 34,692
Ending balance: collectively evaluated for impairment	$ 42,374	$ 1,841	$ 10,179	$ 54,394
Receivables:				
Ending balance	$ 6,550,358	$ 3,684,465	$ 291,077	$ 10,525,900
Ending balance: individually evaluated for impairment	$ 47,343	$ 72,827	$ --	$ 120,170
Ending balance: collectively evaluated for impairment	$ 6,503,015	$ 3,611,638	$ 291,077	$ 10,405,730

Allowance for credit losses activity for the three months ended June 30, 2011 is as follows:

	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	$ 66,311	$ 19,291	$ 14,379	$ 99,981
Charge-offs	(7,335)	(1,111)	(3,869)	(12,315)
Recoveries	1,479	307	811	2,597
Provision	5,311	(2,189)	3,080	6,202
Foreign currency translation and other	(340)	--	4	(336)
Ending balance	$ 65,426	$ 16,298	$ 14,405	$ 96,129

Allowance for credit losses activity for the six months ended June 30, 2011 is as follows:

	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	$ 73,123	$ 31,148	$ 14,459	$ 118,730
Charge-offs	(14,020)	(10,182)	(7,679)	(31,881)
Recoveries	2,799	321	1,591	4,711
Provision	4,286	(5,036)	6,009	5,259
Foreign currency translation and other	(762)	47	25	(690)
Ending balance	$ 65,426	$ 16,298	$ 14,405	$ 96,129
Ending balance: individually evaluated for impairment	$ 39,702	$ 12,761	$ 110	$ 52,573
Ending balance: collectively evaluated for impairment	$ 25,724	$ 3,537	$ 14,295	$ 43,556
Receivables:				
Ending balance	$ 5,918,360	$ 3,394,612	$ 313,708	$ 9,626,680
Ending balance: individually evaluated for impairment	$ 84,871	$ 60,423	$ 300	$ 145,594
Ending balance: collectively evaluated for impairment	$ 5,833,489	$ 3,334,189	$ 313,408	$ 9,481,086

Allowance for credit losses activity for the year ended December 31, 2011 is as follows:

	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	$ 73,123	$ 31,148	$ 14,459	$ 118,730
Charge-offs	(27,770)	(12,613)	(12,770)	(53,153)
Recoveries	5,850	447	3,431	9,728
Provision	33,353	(6,801)	6,301	32,853
Foreign currency translation and other	(1,323)	(18)	(144)	(1,485)
Ending balance	$ 83,233	$ 12,163	$ 11,277	$ 106,673
Ending balance: individually evaluated for impairment	$ 42,879	$ 10,101	$ --	$ 52,980
Ending balance: collectively evaluated for impairment	$ 40,354	$ 2,062	$ 11,277	$ 53,693
Receivables:				
Ending balance	$ 6,258,289	$ 2,972,116	$ 262,817	$ 9,493,222
Ending balance: individually evaluated for impairment	$ 73,920	$ 56,444	$ 265	$ 130,629
Ending balance: collectively evaluated for impairment	$ 6,184,369	$ 2,915,672	$ 262,552	$ 9,362,593

As part of the ongoing monitoring of the credit quality of the wholesale portfolio, the Company utilizes an internal credit scoring model that assigns a risk grade for each dealer. The scoring model considers the strength of the dealer's financial statements, payment history and audit performance. At a minimum, the Company updates its dealers' ratings quarterly and considers the ratings in the credit allowance analysis. A description of the general characteristics of the dealer's risk grades is as follows:

Grades A and B – Includes receivables to dealers that have significant capital strength, moderate leverage, stable earnings and growth, and excellent payment performance.

Grade C – Includes receivables to dealers with moderate credit risk. Dealers of this grade are differentiated from higher grades on a basis of leverage or payment performance.

Grade D – Includes receivables to dealers with moderate credit risk. These dealers may require higher monitoring due to weaker financial strength or payment performance.

A breakdown of the wholesale portfolio by its credit quality indicators as of June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012	December 31, 2011
A	$ 2,213,559	$ 1,662,920
B	1,065,635	897,914
C	271,552	287,793
D	133,719	123,489
Total	$ 3,684,465	$ 2,972,116

Utilizing an internal credit scoring model, which considers customers' attributes, prior credit history and each retail transaction's attributes, the Company assigns a credit quality rating to each retail customer, by specific transaction, as part of the retail underwriting process. This rating is used in setting the interest rate on the transaction. The credit quality rating is not updated after the transaction is finalized. A description of the general characteristics of the customers' risk grades is as follows:

Titanium – Customers from whom the Company expects no collection or loss activity.

Platinum – Customers from whom the Company expects minimal, if any, collection or loss activity.

Gold, Silver, Bronze – Customers defined as those with the potential for collection or loss activity.

A breakdown of the retail portfolio by the customer's risk grade at the time of origination as of June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012	December 31, 2011
Titanium	$ 3,433,062	$ 3,195,785
Platinum	1,878,846	1,837,604
Gold	1,036,106	999,950
Silver	182,141	197,108
Bronze	20,203	27,842
Total	$ 6,550,358	$ 6,258,289

The following tables present information at the level at which management assesses and monitors its credit risk. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due. The aging of receivables as of June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Receivables	Recorded Investment > 90 Days and Accruing
Retail							
United States	$ 17,048	$ 5,551	$ 29,286	$ 51,885	$ 5,396,425	$ 5,448,310	$ 2,402
Canada	$ 2,238	$ 487	$ 678	$ 3,403	$ 1,098,645	$ 1,102,048	$ 267
Wholesale							
United States	$ 660	$ 215	$ 546	$ 1,421	$ 2,832,390	$ 2,833,811	$ 45
Canada	$ 405	$ 147	$ 55	$ 607	$ 850,047	$ 850,654	$ --
Total							
Retail	$ 19,286	$ 6,038	$ 29,964	$ 55,288	$ 6,495,070	$ 6,550,358	$ 2,669
Wholesale	$ 1,065	$ 362	$ 601	$ 2,028	$ 3,682,437	$ 3,684,465	$ 45

	December 31, 2011						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Receivables	Recorded Investment > 90 Days and Accruing
Retail							
United States	$ 21,547	$ 6,100	$ 30,720	$ 58,367	$ 5,162,963	$ 5,221,330	$ 3,257
Canada	$ 3,550	$ 975	$ 753	$ 5,278	$ 1,031,681	$ 1,036,959	$ 77
Wholesale							
United States	$ 1,232	$ 1,967	$ 818	$ 4,017	$ 2,266,517	$ 2,270,534	$ 362
Canada	$ 57	$ 14	$ 287	$ 358	$ 701,224	$ 701,582	$ 56
Total							
Retail	$ 25,097	$ 7,075	$ 31,473	$ 63,645	$ 6,194,644	$ 6,258,289	$ 3,334
Wholesale	$ 1,289	$ 1,981	$ 1,105	$ 4,375	$ 2,967,741	$ 2,972,116	$ 418

Impaired receivables are receivables for which the Company has determined it will not collect all the principal and interest payments as per the terms of the contract. As of June 30, 2012 and December 31, 2011, the Company's recorded investment in impaired receivables individually evaluated for impairment and the related unpaid principal balances and allowances are as follows:

	June 30, 2012			December 31, 2011		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded						
Retail						
United States	$ 3,091	$ 3,088	$ --	$ 6,805	$ 6,791	$ --
Canada	$ --	$ --	$ --	$ 303	$ 303	$ --
Wholesale						
United States	$ --	$ --	$ --	$ --	$ --	$ --
Canada	$ --	$ --	$ --	$ --	$ --	$ --
With an allowance recorded						
Retail						
United States	$ 44,252	$ 40,212	$ 25,089	$ 66,747	$ 61,300	$ 42,861
Canada	$ --	$ --	$ --	$ 65	$ 65	$ 18
Wholesale						
United States	$ 72,720	$ 72,273	$ 9,495	$ 55,167	$ 53,168	$ 9,690
Canada	$ 107	$ 89	$ 108	$ 1,277	$ 1,247	$ 411
Total						
Retail	$ 47,343	$ 43,300	$ 25,089	$ 73,920	$ 68,459	$ 42,879
Wholesale	$ 72,827	$ 72,362	$ 9,603	$ 56,444	$ 54,415	$ 10,101

For the three months ended June 30, 2012 and 2011, the Company's average recorded investment in impaired receivables individually evaluated for impairment (based on a four-month average) and the related interest income recognized are as follows:

	2012		2011	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded				
Retail				
United States	$ 3,606	$ 75	$ 10,772	$ 376
Canada	$ --	$ --	$ 2,023	$ 50
Wholesale				
United States	$ --	$ --	$ --	$ --
Canada	$ --	$ --	$ --	$ --
With an allowance recorded				
Retail				
United States	$ 45,611	$ 399	$ 69,778	$ 418
Canada	$ --	$ --	$ 1,002	$ 13
Wholesale				
United States	$ 70,332	$ 459	$ 61,452	$ 975
Canada	$ 152	$ 3	$ 689	$ 27
Total				
Retail	$ 49,217	$ 474	$ 83,575	$ 857
Wholesale	$ 70,484	$ 462	$ 62,141	$ 1,002

For the six months ended June 30, 2012 and 2011, the Company's average recorded investment in impaired receivables individually evaluated for impairment (based on a seven-month average) and the related interest income recognized are as follows:

	2012		2011	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded				
Retail				
United States	$ 3,781	$ 131	$ 10,551	$ 690
Canada	$ --	$ --	$ 2,031	$ 103
Wholesale				
United States	$ --	$ --	$ --	$ --
Canada	$ --	$ --	$ --	$ --
With an allowance recorded				
Retail				
United States	$ 42,704	$ 738	$ 69,616	$ 1,145
Canada	$ --	$ --	$ 1,012	$ 31
Wholesale				
United States	$ 65,629	$ 913	$ 61,262	$ 1,470
Canada	$ 157	$ 3	$ 656	$ 21
Total				
Retail	$ 46,485	$ 869	$ 83,210	$ 1,969
Wholesale	$ 65,786	$ 916	$ 61,918	$ 1,491

Recognition of income is generally suspended when management determines that collection of future finance income is not probable or when an account becomes 120 days delinquent, whichever occurs first. Interest accrual is resumed if the receivable becomes contractually current and collection becomes probable. Previously suspended income is recognized at that time. The receivables on nonaccrual status as of June 30, 2012 and December 31, 2011 are as follows:

	June 30, 2012			December 31, 2011		
	Retail	Wholesale	Total	Retail	Wholesale	Total
United States	$ 40,319	$ 72,273	$ 112,592	$ 54,798	$ 53,168	$ 107,966
Canada	$ 411	$ 89	$ 500	$ 676	$ 1,247	$ 1,923

Troubled Debt Restructurings

A restructuring of a receivable constitutes a troubled debt restructuring ("TDR") when the lender grants a concession it would not otherwise consider to a borrower experiencing financial difficulties. As a collateral-based lender, the Company typically will repossess collateral in lieu of restructuring receivables. As such, for retail receivables, concessions are typically provided based on bankruptcy court proceedings. For wholesale receivables, concessions granted may include extended contract maturities, inclusion of interest-only periods, modification of a contractual interest rate to a below market interest rate, extended skip payment periods and waiving of interest and principal.

TDRs are reviewed along with other receivables as part of management's ongoing evaluation of the adequacy of the allowance for credit losses. The allowance for credit losses attributable to TDRs is based on the most probable source of repayment, which is normally the liquidation of collateral. In determining collateral value, the Company estimates the current fair market value of the equipment collateral and considers credit enhancements such as additional collateral and third-party guarantees.

Before removing a receivable from TDR classification, a review of the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations under the loans based on a credit review, the TDR classification is not removed from the receivable.

As of June 30, 2012, the Company had approximately 1,200 retail and finance lease receivable contracts of which the pre-modification value was $30,429 and the post-modification value was $28,097. The court has determined the concession in approximately 700 of these cases. The pre-modification value of these contracts was $12,180 and the post-modification value was $10,524. As of June 30, 2011, the Company had approximately 1,600 retail and finance lease receivable contracts of which the pre-modification value was $45,847 and the post-modification value was $43,837. The court has determined the concession in approximately 600 of these cases. The pre-modification value of these contracts was $8,330 and the post-modification value was $7,583. The court has yet to determine the concessions in some of the outstanding cases that will be granted, if any. As the outcome of the bankruptcy cases is determined by the court based on available assets, subsequent defaults are unusual and were not material for retail and finance lease receivable contracts that were modified in a TDR during the previous 12 months ended June 30, 2012 and 2011.

As of June 30, 2012, the Company had six wholesale agreements with a pre- and post-modification balance of approximately $26,144 and $24,796, respectively. As of June 30, 2011, the Company had 10 wholesale agreements with a pre- and post- modification balance both of $34,934. The wholesale TDRs that subsequently defaulted were immaterial for the three and six months ended June 30, 2012 and 2011.

NOTE 5: DEBT

On June 20, 2012, the Company, through a bankruptcy-remote trust, issued $951,900 of amortizing, asset-backed notes secured by U.S. retail loan contracts.

On June 15, 2012, the Company redeemed $46,880 of asset-backed notes, issued by a U.S. trust.

On June 15, 2012, the Company increased the Canadian retail committed asset-backed facility by C$100,000 ($97,817).

On April 23, 2012, the Company entered into a $250,000 three-year unsecured revolving credit facility.

NOTE 6: INCOME TAXES

The effective tax rate for the three months ended June 30, 2012 was 35.8%. The effective tax rate was 35.4% for the six-month period ended June 30, 2012, compared to 36.4% for the same period in 2011. The lower rate in 2012 was due primarily to the geographic mix of earnings.

The Company's provision for income taxes is based on an estimated tax rate for the year applied to the year-to-date federal, state and foreign income. The Company's provision for income taxes for the six months ended June 30, 2012 reflects an estimated annual effective tax rate of 35.7% compared to 36.9% for the full year 2011. The decrease from the full-year 2011 effective tax rate is primarily due to changes in the geographic mix of pre-tax profits within North America. The 2012 estimated annual tax rate is expected to be slightly higher than the U.S. federal corporate income tax rate of 35% primarily due to profits in tax jurisdictions with higher rates, in addition to unfavorable changes in certain state income tax legislation.

NOTE 7: FINANCIAL INSTRUMENTS

The Company may elect to measure many financial instruments and certain other items at fair value. This fair value option must be applied on an instrument-by-instrument basis with changes in fair value reported in earnings. The election can be made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once made. The Company did not elect the fair value measurement option for eligible items.

Fair-Value Hierarchy

U.S. GAAP specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1 – Quoted prices for *identical* instruments in active markets.

Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable.*

This hierarchy requires the use of observable market data when available.

Determination of Fair Value

When available, the Company uses quoted market prices to determine fair value and classifies such items in Level 1. In some cases where a market price is not available, the Company will make use of observable market-based inputs to calculate fair value, in which case the items are classified in Level 2.

If quoted or observable market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates, or yield curves. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models and the key inputs to those models, as well as any significant assumptions.

Interest Rate Derivatives

The Company utilizes derivative instruments to mitigate its exposure to interest rate risk. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract. The Company does not hold or issue derivative or other financial instruments for speculative purposes. The credit risk for the interest rate hedges is reduced through diversification among counterparties and utilizing mandatory termination clauses. Derivative instruments are generally classified in Level 2 or 3 of the fair value hierarchy. The cash flows underlying all derivative contracts were recorded in operating activities in the consolidated statements of cash flows.

The Company has entered into interest rate derivatives in order to manage interest rate exposures arising in the normal course of business. Interest rate derivatives that have been designated in cash flow hedging relationships are being used by the Company to mitigate the risk of rising interest rates related to the current short-term debt and anticipated issuance of fixed-rate debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in accumulated other comprehensive income (loss) and recognized in interest expense over the period in which the Company recognizes interest expense on the related debt. Ineffectiveness recognized related to these hedging relationships was not significant for the three and six months ended June 30, 2012 and 2011. These amounts are recorded in “Other expenses” in the consolidated statements of income. The maximum length of time over which the Company is hedging its interest rate exposure through the use of derivative instruments designated in cash flow hedge relationships is 49 months. The after-tax losses deferred in accumulated other comprehensive income that will be recognized in interest expense over the next 12 months are approximately $4,052.

The Company also enters into offsetting interest rate derivatives with substantially similar economic terms that are not designated as hedging instruments to mitigate interest rate risk related to the Company’s committed asset-backed facilities. These facilities require the Company to enter into interest rate derivatives. To ensure that these transactions do not result in the Company being exposed to this risk, the Company enters into a compensating position. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in income and were insignificant for the three and six months ended June 30, 2012 and 2011.

Most of the Company’s interest rate derivatives are considered Level 2. The fair market value of these derivatives is calculated using market data input for forecasted benchmark interest rates and can be compared to actively traded derivatives. The future notional amount of some of the Company’s interest rate derivatives is not known in advance. These derivatives are considered Level 3 derivatives. The fair market value of these derivatives is calculated using market data input and a forecasted future notional balance. The total notional amount of the Company’s interest rate derivatives was approximately $3,191,769 and $1,602,710 at June 30, 2012 and December 31, 2011, respectively. The six-month average notional amounts as of June 30, 2012 and 2011 were $2,931,235 and $3,721,616.

Financial Statement Impact of the Company's Derivatives

The fair values of the Company's interest rate derivatives as of June 30, 2012 and December 31, 2011 in the consolidated balance sheets are recorded as follows:

	June 30, 2012	December 31, 2011
Derivatives Designated as Hedging Instruments:		
Derivative assets:		
Other assets	$ 250	$ 80
Derivative liabilities:		
Accounts payable and other accrued liabilities	$ 406	$ 19
Derivatives Not Designated as Hedging Instruments:		
Derivative assets:		
Other assets	$ 4,975	$ 3,518
Derivative liabilities:		
Accounts payable and other accrued liabilities	$ 4,974	$ 3,585

The location on the consolidated statements of income and impact of the Company's interest rate derivatives for the three and six months ended June 30, 2012 and 2011 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Cash Flow Hedges				
Recognized in accumulated other comprehensive income (effective portion)	$ (55)	$ (8,794)	$ (365)	$ (8,569)
Reclassified from accumulated other comprehensive income (effective portion)				
Interest expense to third parties	$ (1,728)	$ (4,840)	$ (3,719)	$ (10,342)
Recognized directly in income (ineffective portion)				
Other expenses	$ (4)	$ (70)	$ 22	$ (168)
Not Designated as Hedges				
Other expenses	$ (1)	$ (239)	$ (48)	$ (637)

Retained Interests

For transactions that are considered sales and are off-book, the Company carries retained interests at estimated fair value, which is determined by discounting the projected cash flows over the expected life of the assets sold in connection with such transactions using prepayment, default, loss and interest rate assumptions. The Company recognizes declines in the value of its retained interests, and resulting charges to income or equity, when the fair value is less than the carrying value. The portion of the decline, from discount rates exceeding those in the initial transaction is charged to equity. All other credit-related declines are charged to income. Retained interests in securitized assets are classified in Level 3 of the fair value hierarchy. Assumptions used to determine fair values of retained interests are based on internal evaluations that include constant prepayment rates, annual credit loss rates and discount rates. Although the Company believes its methodology is reasonable, actual results could differ from its expectations. As of June 30, 2012 and December 31, 2011, retained interests in securitized assets are $12,831 and $17,289, respectively.

Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair-value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2012 and December 31, 2011:

	Level 2		Level 3		Total	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Assets						
Interest rate derivatives	$ 5,225	$ 3,438	$ --	$ 160	$ 5,225	$ 3,598
Retained interests	--	--	12,831	17,289	12,831	17,289
Total assets	$ 5,225	$ 3,438	$ 12,831	$ 17,449	$ 18,056	$ 20,887
Liabilities						
Interest rate derivatives	$ 5,380	$ 3,459	$ --	$ 145	$ 5,380	$ 3,604
Total liabilities	$ 5,380	$ 3,459	$ --	$ 145	$ 5,380	$ 3,604

There were no transfers between Level 1 and Level 2 hierarchy levels.

The following table presents the changes in the Level 3 fair-value category for the six months ended June 30, 2012 and 2011:

	Retained Interests	Derivative Financial Instruments
Balance at January 1, 2011	$ 37,914	$ (5,375)
Total gains or losses (realized/unrealized):		
Included in earnings	91	4,414
Included in other comprehensive (loss) income	1,028	--
Settlements	(15,934)	--
Balance at June 30, 2011	$ 23,099	$ (961)
Balance at January 1, 2012	$ 17,289	$ 15
Total gains or losses (realized/unrealized):		
Included in earnings	168	65
Included in other comprehensive (loss) income	617	(80)
Settlements	(5,243)	--
Balance at June 30, 2012	$ 12,831	$ --

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, restricted cash, floating-rate affiliated accounts and notes receivable, accounts payable and other accrued liabilities, floating-rate short-term debt, floating-rate affiliated debt and floating-rate long-term debt was assumed to approximate its fair value.

__Financial Instruments Not Carried at Fair Value__

The carrying amount and estimated fair value of assets and liabilities considered financial instruments as of June 30, 2012 and December 31, 2011 are as follows:

	June 30, 2012		December 31, 2011	
	Carrying Amount	**Estimated Fair Value ***	**Carrying Amount**	**Estimated Fair Value ***
Receivables	$ 10,436,814	$ 10,506,598	$ 9,386,549	$ 9,710,124
Affiliated debt	$ 1,195,176	$ 1,195,262	$ 819,270	$ 823,028
Long-term debt	$ 4,781,421	$ 4,912,466	$ 4,587,773	$ 4,648,139

* Under the fair value hierarchy, all measurements are Level 2.

Financial Assets

The fair value of receivables was generally determined by discounting the estimated future payments using a discount rate which includes an estimate for credit risk.

Financial Liabilities

The fair values of fixed-rate debt were based on current market quotes for identical or similar borrowings and credit risk.

NOTE 8: SEGMENT AND GEOGRAPHICAL INFORMATION

The Company's segment data is based on disclosure requirements of accounting guidance on segment reporting, which requires financial information be reported on the basis that is used internally for measuring segment performance. The Company's reportable segments are strategic business units that are organized around differences in geographic areas. Each segment is managed separately as they require different knowledge of regulatory environments and marketing strategies. The operating segments offer primarily the same services within each of the respective segments.

A summary of the Company's reportable segment information is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
United States	$ 158,672	$ 158,541	$ 315,771	$ 317,654
Canada	48,351	49,142	94,515	95,851
Eliminations	(458)	--	(458)	--
Total	$ 206,565	$ 207,683	$ 409,828	$ 413,505
Interest expense				
United States	$ 51,348	$ 51,877	$ 101,947	$ 106,594
Canada	12,684	17,439	27,401	32,712
Eliminations	(458)	--	(458)	--
Total	$ 63,574	$ 69,316	$ 128,890	$ 139,306
Segment profit				
United States	$ 37,991	$ 36,462	$ 81,209	$ 76,666
Canada	16,581	14,235	30,926	27,352
Eliminations	--	(50)	--	(138)
Total	$ 54,572	$ 50,647	$ 112,135	$ 103,880
Depreciation and amortization				
United States	$ 18,608	$ 20,456	$ 37,843	$ 41,247
Canada	8,133	8,518	16,116	16,323
Total	$ 26,741	$ 28,974	$ 53,959	$ 57,570
Expenditures for equipment on operating leases and for non-lease assets				
United States	$ 54,687	$ 83,421	$ 131,301	$ 135,194
Canada	29,556	32,376	51,532	53,595
Total	$ 84,243	$ 115,797	$ 182,833	$ 188,789
Provision for credit losses				
United States	$ 3,215	$ 6,188	$ 3,566	$ 5,160
Canada	(99)	14	172	99
Total	$ 3,116	$ 6,202	$ 3,738	$ 5,259

		As of June 30, 2012		As of December 31, 2011
Segment assets				
United States	$	10,538,158	$	9,654,594
Canada		2,401,865		2,358,198
Eliminations		(216,036)		(111,641)
Total	$	12,723,987	$	11,901,151
Managed portfolio				
United States	$	8,607,190	$	7,827,253
Canada		1,990,976		1,774,445
Total	$	10,598,166	$	9,601,698

NOTE 9: RELATED-PARTY TRANSACTIONS

The Company receives compensation from CNH North America for retail installment sales contracts and finance leases that were created under certain low-rate financing programs and interest waiver programs offered to customers by CNH North America. The amount recognized from CNH North America for below-market interest rate financing is included in "Interest income on retail and other receivables and finance leases" in the accompanying consolidated statements of income, and was $51,631 and $55,336 for the three months ended June 30, 2012 and 2011, respectively, and $104,974 and $113,116 for the six months ended June 30, 2012 and 2011, respectively.

For selected operating leases, CNH North America compensates the Company for the difference between the market rental rates and the amount paid by the customer and is included in "Rental income on operating leases" in the accompanying consolidated statements of income. For the three months ended June 30, 2012 and 2011, the amount recognized from CNH North America for these operating leases is $7,188 and $6,531, respectively, and for the six months ended June 30, 2012 and 2011, the amount recognized from CNH North America for these operating leases is $14,462 and $12,338, respectively.

Similarly, for selected wholesale receivables, CNH North America compensates the Company for the difference between market rates and the amount paid by the dealer and is included in "Interest income from affiliates." For the three months ended June 30, 2012 and 2011, the amount recognized by CNH North America for these wholesale receivables is $37,763 and $33,118, respectively, and for the six months ended June 30, 2012 and 2011, the amount recognized by CNH North America for these wholesale receivables is $71,446 and $62,557, respectively.

Accounts payable and other accrued liabilities of $51,057 and $24,221, respectively, as of June 30, 2012 and December 31, 2011, were payable to related parties.

On May 30, 2012, CNH Capital Canada Ltd. issued 1,818,488 of preferred shares to CNH Canada Ltd., a related party.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is party to various litigation matters and claims arising from its operations. Management believes that the outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position or results of operations.

Guarantees

The Company provides payment guarantees on the financial debt of various CNH European affiliates for approximately $283,551. The guarantees are in effect for the term of the underlying funding facilities, which have various maturities through 2017.

Commitments

At June 30, 2012, the Company has various agreements to extend credit for the following managed portfolios:

	Total Credit Limit	Utilized	Unfunded Commitment
Commercial revolving accounts	$ 3,740,227	$ 288,091	$ 3,452,136
Wholesale and dealer financing	$ 5,056,311	$ 3,625,029	$ 1,431,282

The commercial revolving accounts are issued by the Company to retail customers for purchases of parts and services at CNH North America equipment dealers.

NOTE 11: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

CNH Capital America LLC and New Holland Credit Company, LLC, which are wholly-owned subsidiaries of CNH Capital LLC (the “Guarantor Entities”), guarantee certain indebtedness of CNH Capital LLC. As the guarantees are full, unconditional, and joint and several and as the Guarantor Entities are wholly-owned by CNH Capital LLC, the Company has included the following condensed consolidating financial information as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011. The condensed consolidating financial information reflects investments in consolidated subsidiaries under the equity method of accounting.

	Condensed Statements of Comprehensive Income for the Three Months Ended June 30, 2012				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES:					
Interest income on retail and other receivables and finance leases	$ --	$ 6,541	$ 103,707	$ --	$ 110,248
Interest income from affiliates	--	35,674	38,123	(35,176)	38,621
Servicing fee income	--	20,200	37	(19,949)	288
Rental income on operating leases	--	26,225	13,887	--	40,112
Other income	--	7,485	9,811	--	17,296
Total revenues	--	96,125	165,565	(55,125)	206,565
EXPENSES:					
Interest expense:					
Interest expense to third parties	10,724	2,569	42,756	--	56,049
Interest expense to affiliates	79	34,495	8,127	(35,176)	7,525
Total interest expense	10,803	37,064	50,883	(35,176)	63,574
Operating expenses:					
Fees charged by affiliates	--	14,693	22,791	(19,949)	17,535
Provision for credit losses	--	183	2,933	--	3,116
Depreciation of equipment on operating leases	--	17,174	9,287	--	26,461
Other expenses (income)	--	6,395	4,428	--	10,823
Total operating expenses	--	38,445	39,439	(19,949)	57,935
Total expenses	10,803	75,509	90,322	(55,125)	121,509
(Loss) income before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(10,803)	20,616	75,243	--	85,056
Income tax (benefit) provision	(4,234)	8,664	26,054	--	30,484
Equity in income of consolidated subsidiaries accounted for under the equity method	60,753	48,801	--	(109,554)	--
NET INCOME	54,184	60,753	49,189	(109,554)	54,572
Net income attributed to noncontrolling interest	--	--	(388)	--	(388)
NET INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 54,184	$ 60,753	$ 48,801	$ (109,554)	$ 54,184
COMPREHENSIVE INCOME	$ 42,307	$ 48,876	$ 37,368	$ (85,856)	$ 42,695
Comprehensive income attributed to noncontrolling interest	--	--	(388)	--	(388)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 42,307	$ 48,876	$ 36,980	$ (85,856)	$ 42,307

	Condensed Statements of Comprehensive Income for the Six Months Ended June 30, 2012				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES:					
Interest income on retail and other receivables and finance leases	$ --	$ 14,860	$ 206,970	$ --	$ 221,830
Interest income from affiliates	--	66,828	72,378	(65,592)	73,614
Servicing fee income	--	39,013	96	(38,515)	594
Rental income on operating leases	--	51,061	29,393	--	80,454
Other income	--	13,767	19,569	--	33,336
Total revenues	--	185,529	328,406	(104,107)	409,828
EXPENSES:					
Interest expense:					
Interest expense to third parties	20,608	3,411	87,172	--	111,191
Interest expense to affiliates	145	65,368	17,778	(65,592)	17,699
Total interest expense	20,753	68,779	104,950	(65,592)	128,890
Operating expenses:					
Fees charged by affiliates	--	26,276	44,522	(38,515)	32,283
(Benefit) provision for credit losses	--	(14,029)	17,767	--	3,738
Depreciation of equipment on operating leases	--	33,673	19,721	--	53,394
Other expenses (income)	--	15,167	2,860	--	18,027
Total operating expenses	--	61,087	84,870	(38,515)	107,442
Total expenses	20,753	129,866	189,820	(104,107)	236,332
(Loss) income before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(20,753)	55,663	138,586	--	173,496
Income tax (benefit) provision	(8,133)	21,761	47,733	--	61,361
Equity in income of consolidated subsidiaries accounted for under the equity method	124,003	90,101	--	(214,104)	--
NET INCOME	111,383	124,003	90,853	(214,104)	112,135
Net income attributed to noncontrolling interest	--	--	(752)	--	(752)
NET INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 111,383	$ 124,003	$ 90,101	$ (214,104)	$ 111,383
COMPREHENSIVE INCOME	$ 111,744	$ 124,364	$ 91,195	$ (214,807)	$ 112,496
Comprehensive income attributed to noncontrolling interest	--	--	(752)	--	(752)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 111,744	$ 124,364	$ 90,443	$ (214,807)	$ 111,744

	Condensed Balance Sheets as of June 30, 2012				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ --	$ 143,641	$ 68,466	$ --	$ 212,107
Restricted cash	--	100	1,158,619	--	1,158,719
Receivables, less allowance for credit losses	--	675,763	9,761,051	--	10,436,814
Retained interests in securitized receivables	--	5,408	11,609	(4,186)	12,831
Affiliated accounts and notes receivable	626,931	1,960,704	1,195,916	(3,765,940)	17,611
Equipment on operating leases, net	--	429,623	240,216	--	669,839
Equipment held for sale	--	17,292	6,744	--	24,036
Investments in consolidated subsidiaries accounted for under the equity method	1,330,026	1,629,591	--	(2,959,617)	--
Goodwill and intangible assets	--	84,401	35,250	--	119,651
Other assets	12,283	(6,018)	66,114	--	72,379
TOTAL	$ 1,969,240	$ 4,940,505	$ 12,543,985	$ (6,729,743)	$ 12,723,987
LIABILITIES AND STOCKHOLDER'S EQUITY					
LIABILITIES:					
Short-term debt, including current maturities of long-term debt	$ --	$ 113,453	$ 4,912,141	$ --	$ 5,025,594
Accounts payable and other accrued liabilities	5,490	2,168,097	1,196,257	(3,008,223)	361,621
Affiliated debt	9,650	1,114,331	835,327	(764,132)	1,195,176
Long-term debt	650,000	216,741	3,914,680	--	4,781,421
Total liabilities	665,140	3,612,622	10,858,405	(3,772,355)	11,363,812
STOCKHOLDER'S EQUITY	1,304,100	1,327,883	1,685,580	(2,957,388)	1,360,175
TOTAL	$ 1,969,240	$ 4,940,505	$ 12,543,985	$ (6,729,743)	$ 12,723,987

	Condensed Statements of Cash Flows for the Six Months Ended June 30, 2012				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash from (used in) from operating activities	$ (197)	$ (740,657)	$ 1,037,817	$ 40,652	$ 337,615
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cost of receivables acquired	--	(7,006,262)	(8,349,862)	6,495,994	(8,860,130)
Collections of receivables	--	7,178,439	7,124,775	(6,496,086)	7,807,128
Decrease in restricted cash	--	--	(391,471)	--	(391,471)
Purchase of equipment on operating leases, net	--	(86,001)	10,201	--	(75,800)
Other investing activities	--	(120)	--	--	(120)
Net cash from (used in) investing activities	--	86,056	(1,606,357)	(92)	(1,520,393)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Intercompany activity	197	511,371	(95,024)	(40,560)	375,984
Net (decrease) increase in indebtedness	--	(19,337)	444,145	--	424,808
Net cash from financing activities	197	492,034	349,121	(40,560)	800,792
DECREASE IN CASH AND CASH EQUIVALENTS	--	(162,567)	(219,419)	--	(381,986)
CASH AND CASH EQUIVALENTS:					
Beginning of period	--	306,208	287,885	--	594,093
End of period	$ --	$ 143,641	$ 68,466	$ --	$ 212,107

	Condensed Statements of Comprehensive Income for the Three Months Ended June 30, 2011				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES:					
Interest income on retail and other receivables and finance leases	$ --	$ 8,759	$ 105,027	$ --	$ 113,786
Interest income from affiliates	--	28,898	33,283	(28,355)	33,826
Servicing fee income	--	18,017	154	(17,624)	547
Rental income on operating leases	--	24,977	16,535	--	41,512
Other income	--	7,478	10,534	--	18,012
Total revenues	--	88,129	165,533	(45,979)	207,683
EXPENSES:					
Interest expense:					
Interest expense to third parties	--	(1,234)	58,142	--	56,908
Interest expense to affiliates	38	32,991	7,734	(28,355)	12,408
Total interest expense	38	31,757	65,876	(28,355)	69,316
Operating expenses:					
Fees charged by affiliates	--	11,481	20,648	(17,624)	14,505
Provision for credit losses	--	4,018	2,184	--	6,202
Depreciation of equipment on operating leases	--	17,040	11,638	--	28,678
Other expenses	--	911	9,172	--	10,083
Total operating expenses	--	33,450	43,642	(17,624)	59,468
Total expenses	38	65,207	109,518	(45,979)	128,784
(Loss) income before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(38)	22,922	56,015	--	78,899
Income tax (benefit) provision	(15)	7,876	20,391	--	28,252
Equity in income of consolidated subsidiaries accounted for under the equity method	50,276	35,230	--	(85,506)	--
NET INCOME	50,253	50,276	35,624	(85,506)	50,647
Net income attributed to noncontrolling interest	--	--	(394)	--	(394)
NET INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 50,253	$ 50,276	$ 35,230	$ (85,506)	$ 50,253
COMPREHENSIVE INCOME	$ 49,719	$ 49,742	$ 36,904	$ (86,252)	$ 50,113
Comprehensive income attributed to noncontrolling interest	--	--	(394)	--	(394)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 49,719	$ 49,742	$ 36,510	$ (86,252)	$ 49,719

	Condensed Statements of Comprehensive Income for the Six Months Ended June 30, 2011				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES:					
Interest income on retail and other receivables and finance leases	$ --	$ 19,206	$ 211,589	$ --	$ 230,795
Interest income from affiliates	--	55,313	63,664	(54,541)	64,436
Servicing fee income	--	34,756	344	(34,129)	971
Rental income on operating leases	--	47,507	34,285	--	81,792
Other income	--	14,392	21,119	--	35,511
Total revenues	--	171,174	331,001	(88,670)	413,505
EXPENSES:					
Interest expense:					
Interest expense to third parties	--	(9,254)	122,767	--	113,513
Interest expense to affiliates	77	64,399	15,858	(54,541)	25,793
Total interest expense	77	55,145	138,625	(54,541)	139,306
Operating expenses:					
Fees charged by affiliates	--	24,502	40,313	(34,129)	30,686
Provision (benefit) for credit losses	--	5,324	(65)	--	5,259
Depreciation of equipment on operating leases	--	32,838	24,109	--	56,947
Other expenses	--	16,787	1,136	--	17,923
Total operating expenses	--	79,451	65,493	(34,129)	110,815
Total expenses	77	134,596	204,118	(88,670)	250,121
(Loss) income before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(77)	36,578	126,883	--	163,384
Income tax (benefit) provision	(30)	11,662	47,872	--	59,504
Equity in income of consolidated subsidiaries accounted for under the equity method	103,122	78,206	--	(181,328)	--
NET INCOME	103,075	103,122	79,011	(181,328)	103,880
Net income attributed to noncontrolling interest	--	--	(805)	--	(805)
NET INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 103,075	$ 103,122	$ 78,206	$ (181,328)	$ 103,075
COMPREHENSIVE INCOME	$ 117,556	$ 117,603	$ 94,316	$ (211,114)	$ 118,361
Comprehensive income attributed to noncontrolling interest	--	--	(805)	--	(805)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH CAPITAL LLC	$ 117,556	$ 117,603	$ 93,511	$ (211,114)	$ 117,556

	Condensed Balance Sheets as of December 31, 2011				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ --	$ 306,208	$ 287,885	$ --	$ 594,093
Restricted cash	--	100	767,259	--	767,359
Receivables, less allowance for credit losses	--	834,392	8,552,157	--	9,386,549
Retained interests in securitized receivables	--	6,464	15,103	(4,278)	17,289
Affiliated accounts and notes receivable	641,566	1,184,507	1,436,347	(3,068,503)	193,917
Equipment on operating leases, net	--	377,294	270,323	--	647,617
Equipment held for sale	--	27,106	5,025	--	32,131
Investments in consolidated subsidiaries accounted for under the equity method	1,203,432	1,567,061	--	(2,770,493)	--
Goodwill and intangible assets	--	84,720	35,369	--	120,089
Other assets	13,588	33,283	95,236	--	142,107
TOTAL	$ 1,858,586	$ 4,421,135	$ 11,464,704	$ (5,843,274)	$ 11,901,151
LIABILITIES AND STOCKHOLDER'S EQUITY					
LIABILITIES:					
Short-term debt, including current maturities of long-term debt	$ --	$ 160,200	$ 4,635,835	$ --	$ 4,796,035
Accounts payable and other accrued liabilities	6,777	2,265,212	528,047	(2,349,208)	450,828
Affiliated debt	9,453	602,960	930,430	(723,573)	819,270
Long-term debt	650,000	189,331	3,748,442	--	4,587,773
Total liabilities	666,230	3,217,703	9,842,754	(3,072,781)	10,653,906
STOCKHOLDER'S EQUITY	1,192,356	1,203,432	1,621,950	(2,770,493)	1,247,245
TOTAL	$ 1,858,586	$ 4,421,135	$ 11,464,704	$ (5,843,274)	$ 11,901,151

	Condensed Statements of Cash Flows for the Six Months Ended June 30, 2011				
	CNH Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash (used in) from operating activities	$ (77)	$ (47,427)	$ 376,336	$ 10,502	$ 339,334
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cost of receivables acquired	--	(6,555,708)	(7,464,274)	5,656,208	(8,363,774)
Collections of receivables	--	6,748,962	6,436,816	(5,656,360)	7,529,418
Decrease in restricted cash	--	--	154,226	--	154,226
Purchase of equipment on operating leases, net	--	(118,688)	45,169	--	(73,519)
Other investing activities	--	(202)	--	--	(202)
Net cash from (used in) investing activities	--	74,364	(828,063)	(152)	(753,851)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Intercompany activity	77	(218,712)	(34,319)	(10,350)	(263,304)
Net increase in indebtedness	--	134,571	316,719	--	451,290
Net cash from (used in) financing activities	77	(84,141)	282,400	(10,350)	187,986
DECREASE IN CASH AND CASH EQUIVALENTS	--	(57,204)	(169,327)	--	(226,531)
CASH AND CASH EQUIVALENTS:					
Beginning of period	--	200,287	220,505	--	420,792
End of period	$ --	$ 143,083	$ 51,178	$ --	$ 194,261

NOTE 12: SUBSEQUENT EVENTS

On July 16, 2012, the $583 million Series 2009-1 Asset-Backed Notes were redeemed as scheduled. On July 23, 2012, CNH Capital LLC renewed and increased by $400 million one of the U.S. wholesale committed asset-backed facilities, with a maturity date of April 30, 2013.

Effective July 1, 2012, CNH Capital LLC sold its equity interests in CNH Capital Insurance Agency, Inc. and CNH Capital Canada Insurance Agency Ltd. and entered into a five-year master services agreement allowing the buyer to use the CNH Capital name during that period. CNH Capital LLC received approximately $35,000 in connection with the sale, primarily representing a prepayment on the master services agreement.

Subsequent events have been evaluated by management through August 27, 2012, the date of issuance of these financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Organization

We offer a range of financial products and services to our North American dealers and customers. The principal products offered are retail financing for the purchase or lease of new and used CNH North America equipment and wholesale financing to our dealers. Wholesale financing consists primarily of floor plan financing as well as financing equipment used in dealer-owned rental yards, parts inventory and working capital needs. In addition, we purchase equipment from dealers that is leased to retail customers under operating lease agreements, and we finance customers using our private-label commercial revolving accounts.

Trends and Economic Conditions

Our business is closely related to the agricultural and construction equipment industries because we offer financing products for such equipment. For the six months ended June 30, 2012, CNH agricultural equipment sales increased 10% compared to the six months ended June 30, 2011. CNH construction equipment sales increased 15% for the six months ended June 30, 2012 compared to the six months ended June 30, 2011.

In general, our loan mix between agricultural and construction equipment financing directionally reflects the mix of equipment sales by CNH North America. As such, changes in the agricultural industry or with respect to our agricultural equipment borrowers (“farmers”) may affect the majority of our lending portfolio.

Overall, the North American agricultural industry has shown stability during the recent economic crisis. During the past five years, farm income in North America has experienced some of its highest historical levels. The relatively fixed supply of North American agricultural farm land combined with the growing demand for food products has been one of the drivers of strong commodity prices and growth in farm equity. The financing we provide to our borrowers is secured by the financed equipment, which typically has a long useful life and is a key component in the farmers’ sources of income. All of these factors contribute in part to the strong credit performance of our lending portfolio in recent periods.

Net income attributable to CNH Capital LLC was $54.2 million for the three months ended June 30, 2012, compared to $50.3 million for the three months ended June 30, 2011. We generated improved financial margins on a higher average portfolio. Net income attributable to CNH Capital LLC was $111.4 million for the six months ended June 30, 2012, compared to $103.1 million for the six months ended June 30, 2011. The total retail receivables balance 30 days or more past due as a percentage of the retail receivables was 0.8%, 1.0% and 1.5% at June 30, 2012, December 31, 2011 and June 30, 2011, respectively. Market conditions continued to stabilize in the construction and agricultural equipment sectors during the relevant periods.

Macroeconomic issues for the Company include the uncertainty of the global economic recovery, the impact of sovereign and state debt, capital market disruptions, the availability of credit for the Company and its customers, the effectiveness of governmental actions in respect to monetary policies, general economic conditions and financial regulatory reform.

Results of Operations

Three and Six Months Ended June 30, 2012 Compared to Three and Six Months Ended June 30, 2011

Revenues

Revenues for the three and six months ended June 30, 2012 and 2011 were as follows (dollars in thousands):

	Three Months Ended June 30,			
	2012	**2011**	**$ Change**	**% Change**
Interest income on retail and other receivables and finance leases	$ 110,248	$ 113,786	$ (3,538)	(3.1)%
Interest income from affiliates	38,621	33,826	4,795	14.2
Servicing fee income	288	547	(259)	(47.3)
Rental income on operating leases	40,112	41,512	(1,400)	(3.4)
Other income	17,296	18,012	(716)	(4.0)
Total revenues	$ 206,565	$ 207,683	$ (1,118)	(0.5)%

	Six Months Ended June 30,			
	2012	**2011**	**$ Change**	**% Change**
Interest income on retail and other receivables and finance leases	$ 221,830	$ 230,795	$ (8,965)	(3.9)%
Interest income from affiliates	73,614	64,436	9,178	14.2
Servicing fee income	594	971	(377)	(38.8)
Rental income on operating leases	80,454	81,792	(1,338)	(1.6)
Other income	33,336	35,511	(2,175)	(6.1)
Total revenues	$ 409,828	$ 413,505	$ (3,677)	(0.9)%

Revenues totaled $206.6 million and $409.8 million for the three and six months ended June 30, 2012 compared to $207.7 million and $413.5 million for the same periods in 2011, respectively. The slight decreases for both the three and six month periods were primarily due to decreases in interest income on retail receivables and other receivables and finance leases and rental income on operating leases, partially offset by an increase in interest income from affiliates.

Interest income on retail and other receivables and finance leases for the three and six months ended June 30, 2012 was $110.2 million and $221.8 million, representing decreases of $3.5 million and $9.0 million from the same periods in 2011, respectively. For the second quarter, the decrease was primarily due to a $13.1 million unfavorable impact from lower interest rates on new and existing retail and wholesale receivables, partially offset by a $9.6 million favorable impact from higher average earning assets. For the six months ended June 30, 2012, compared to the same period in 2011, the decrease was primarily due to a $26.9 million unfavorable impact from lower interest rates, partially offset by a $17.9 million favorable impact from higher average earning assets. Included in these amounts was compensation from CNH North America for low-rate financing programs and interest waiver programs offered to customers. For the three and six months ended June 30, 2012, this compensation was $51.6 million and $105.0 million, a decrease of $3.7 million and $8.1 million from the same periods in 2011, respectively. The decreases for the three and six month periods were primarily due to decreases in marketing programs.

Interest income from affiliates for the three and six months ended June 30, 2012 was $38.6 million and $73.6 million compared to $33.8 million and $64.4 million for the three and six months ended June 30, 2011, respectively. The increases were primarily due to higher average earning wholesale assets. These amounts principally represented compensation for wholesale marketing programs offered by CNH North America.

Rental income on operating leases for the three and six months ended June 30, 2012 was $40.1 million and $80.5 million, a decrease of $1.4 million and $1.3 million from the same periods in 2011. The decrease in the second quarter was due to a $4.5 million unfavorable impact from lower interest rates on new and existing operating leases, partially offset by a $3.1 million favorable impact from higher average earning assets. For the six months ended June 30, 2012 compared to the same period in 2011, the decrease was primarily due to a $7.2 million unfavorable impact from lower rates on new and existing operating leases, partially offset by a $5.9 million favorable impact from higher average earning assets. Included in rental income was compensation for the difference between the market rental rates and the amounts paid by the customers of CNH North America. For the three and six months ended June 30, 2012, this compensation was $7.2 million and $14.5 million, an increase of $0.7 million and $2.1 million for the same periods in 2011, respectively. This increase is primarily due to the mix of equipment eligible for subvention.

Expenses

Interest expense totaled $63.6 million and $128.9 million for the three and six months ended June 30, 2012 compared to $69.3 million and $139.3 million for the same periods in 2011, respectively. The decreases were primarily due to lower average interest rates.

Total operating expenses were $57.9 million and $107.4 million for the three and six months ended June 30, 2012 compared to $59.5 million and $110.8 million for the same periods in 2011. The decreases in the second quarter and for the six months ended June 30, 2012 were primarily due to reductions in depreciation of equipment on operating leases and provision for credit losses.

The provision for credit losses was $3.1 million and $3.7 million for the three and six months ended June 30, 2012 compared to $6.2 million and $5.3 million for the same periods in 2011, respectively. The decreases in provision for credit losses were primarily due to lower loss rates and improvements in the delinquency rates in the portfolios.

The effective tax rate was 35.8% and 35.4% for the three and six months ended June 30, 2012 compared to 35.8% and 36.4% for the same periods in 2011, respectively. The lower rate in the six months ended June 30, 2012 was primarily due to the geographic mix of earnings that resulted in better utilization of the Company's tax attributes.

Receivables and Equipment on Operating Leases Originated and Held

Receivable and equipment on operating lease originations for the three and six months ended June 30, 2012 and 2011 were as follows (dollars in thousands):

	Three Months Ended June 30,			
	2012	2011	$ Change	% Change
Retail receivables	$ 878,794	$ 834,758	$ 44,036	5.3%
Wholesale receivables	3,394,330	3,534,618	(140,288)	(4.0)
Other	267,940	259,427	8,513	3.3
Equipment on operating leases	84,243	115,797	(31,554)	(27.2)
Total originations	$ 4,625,307	$ 4,744,600	$ (119,293)	(2.5)%

	Six Months Ended June 30,			
	2012	2011	$ Change	% Change
Retail receivables	$ 1,797,239	$ 1,647,911	$ 149,328	9.1%
Wholesale receivables	6,590,289	6,271,538	318,751	5.1
Other	472,602	444,325	28,277	6.4
Equipment on operating leases	182,833	188,789	(5,956)	(3.2)
Total originations	$ 9,042,963	$ 8,552,563	$ 490,400	5.7%

Retail receivables originations increased in the three and six months ended June 30, 2012 compared to the same period in 2011, primarily due to increases in retail sales of CNH North America equipment. Wholesale receivables originations for the three months ended June 30, 2012 decreased due to lower financing of used and trade-in equipment. For the six months ended June 30, 2012, wholesale receivables originations increased primarily due to an increase in net sales of CNH North America equipment.

Total receivables and equipment on operating leases held as of June 30, 2012, December 31, 2011 and June 30, 2011 were as follows (in thousands):

	June 30, 2012	December 31, 2011	June 30, 2011
Retail receivables	$ 6,550,358	$ 6,258,289	$ 5,918,360
Wholesale receivables	3,684,465	2,972,116	3,394,612
Other	291,077	262,817	313,708
Equipment on operating leases	669,839	647,617	636,558
Total receivables and equipment on operating leases	$ 11,195,739	$ 10,140,839	$ 10,263,238

The total retail receivables balance 30 days or more past due as a percentage of the retail receivables was 0.8%, 1.0% and 1.5% at June 30, 2012, December 31, 2011 and June 30, 2011, respectively. Market conditions continued to stabilize in the construction and agricultural equipment sectors during the relevant periods. The total wholesale receivables balance 30 days or more past due as a percentage of the wholesale receivables was not significant with respect to any of the foregoing periods. Total retail receivables on nonaccrual status, which represent receivables for which we have ceased accruing finance income were $40.7 million, $55.5 million and $80.3 million at June 30, 2012, December 31, 2011 and June 30, 2011, respectively. Total wholesale receivables on nonaccrual status were $72.4 million, $54.4 million and $60.4 million at June 30, 2012, December 31, 2011 and June 30, 2011, respectively.

Total receivable write-off amounts and recoveries, by product for the three and six months ended June 30, 2012 and 2011 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Write-offs:				
Retail	$ 17,051	$ 7,335	$ 21,389	$ 14,020
Wholesale	38	1,111	38	10,182
Other	1,938	3,869	4,368	7,679
Total write-offs	19,027	12,315	25,795	31,881
Recoveries:				
Retail	(1,023)	(1,479)	(2,879)	(2,799)
Wholesale	(44)	(307)	(102)	(321)
Other	(739)	(811)	(1,502)	(1,591)
Total recoveries	(1,806)	(2,597)	(4,483)	(4,711)
Write-offs, net of recoveries:				
Retail	16,028	5,856	18,510	11,221
Wholesale	(6)	804	(64)	9,861
Other	1,199	3,058	2,866	6,088
Total write-offs, net of recoveries	$ 17,221	$ 9,718	$ 21,312	$ 27,170

The increases in retail write-offs for the three and six months ended June 30, 2012 were due to the write-off of one retail customer in a non-core business that we have exited and for which a full reserve had been made. Higher wholesale write-offs for the six months ended June 30, 2011 were primarily due to losses incurred with one dealer.

Our allowance for credit losses on all receivables financed totaled $89.1 million at June 30, 2012, $106.7 million at December 31, 2011 and $96.1 million at June 30, 2011. The level of the allowance is based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality. We believe our allowance is sufficient to provide for losses in our existing receivable portfolio.

Liquidity and Capital Resources

The following discussion of liquidity and capital resources principally focuses on our statements of cash flows, balance sheets and capitalization. The majority of our originated receivables are securitized, and cash generated from such receivables is utilized to pay the related debt. In addition, we have committed secured and unsecured facilities, affiliate borrowing and cash to fund our liquidity and capital needs.

CNH Capital's current funding strategy is to maintain sufficient liquidity and flexible access to a wide variety of financial instruments and funding options. In the past, securitization has been one of our most economical sources of funding, and with our current non-investment grade rating, we expect securitization to continue to represent a substantial portion of our capital structure. In addition to our current funding and liquidity sources, which include a combination of term receivables securitizations, committed asset-backed and unsecured facilities, secured and unsecured borrowings and affiliate funding sources, we expect changes to our funding profile as costs and terms of accessing the unsecured term market improve.

Cash Flows

	For the Six Months Ended June 30, 2012	2011
	(in thousands)	
Cash flows provided by (used in):		
Operating activities	$ 337,615	$ 339,334
Investing activities	(1,520,393)	(753,851)
Financing activities	800,792	187,986
Net cash decrease	$ (381,986)	$ (226,531)

Operating activities in the six months ended June 30, 2012 generated cash of $338 million, resulting primarily from net income of $112 million, a decrease in affiliated accounts and notes receivables of $177 million and a decrease in other assets and equipment held for sale of $79 million, partially offset by a decrease in accounts payable and other accrued liabilities of $83 million. Cash generated from operating activities in the six months ended June 30, 2012 declined slightly compared to the six months ended June 30, 2011.

Cash flows used in investing activities in the six months ended June 30, 2012 totaled $1.5 billion, resulting primarily from a net growth in receivables of $1.1 billion, $183 million in expenditures for equipment on operating leases and an increase in restricted cash of $391 million, partially offset by proceeds from the sale of equipment on operating leases of $107 million. The increase of cash used in investing activities in the six months ended June 30, 2012 compared to the six months ended June 30, 2011 was primarily due to a higher growth in receivables and an increase in restricted cash. Restricted cash increased in order to comply with securitization contractual agreements related to the retirement of the Series 2009-1 Asset-Backed Notes.

Cash flows of $801 million from financing activities in the six months ended June 30, 2012 primarily reflected the net cash received of $376 million from affiliated debt and net cash received of $425 million from long-term debt and short-term borrowings. The increase in cash received from financing activities in the six months ended June 30, 2012 compared to the six months ended June 30, 2011 was primarily due to increased borrowings of affiliated debt.

Securitization

CNH Capital and its predecessor entities have been securitizing receivables since 1992. Because this market generally remains a cost effective financing source and allows access to a wide investor base, we expect to continue utilizing securitization as one of our core sources of funding in the near future. CNH Capital has completed public and private issuances of asset-backed securities in both the U.S. and Canada and, as of June 30, 2012, the amounts outstanding were approximately $6.3 billion.

We will strive to continue to tailor our transactions to applicable market conditions while optimizing economic terms and reducing execution risks.

Committed Asset-Backed Facilities

CNH Capital has committed asset-backed facilities with several banks, primarily through their commercial paper conduit programs. Committed asset-backed facilities for the U.S. and Canada totaled $3.6 billion at June 30, 2012, with original maturities of one to two years. The excess availability under the facilities varies during the year, depending on origination volume and the refinancing of receivables with term securitization transactions. At June 30, 2012, approximately $1.2 billion of funding was available for use under these facilities.

Unsecured Financing Transactions

On April 23, 2012, CNH Capital LLC entered into a $250 million, senior unsecured credit agreement with a consortium of banks. The facility has a term of three years.

Other Financing Transactions

CNH Capital has also met some of its funding needs through financing opportunities such as bank loans secured by various receivables, third-party direct sale transactions and private short-term lending agreements.

Affiliate Sources

CNH Capital borrows, as needed, from CNH. This source of funding is primarily used to finance various on-book assets and provides additional flexibility when evaluating market conditions and potential third-party financing options. We have obtained financing from Fiat Industrial treasury subsidiaries and, from time to time, have entered into term loan agreements. At June 30, 2012, affiliated debt was $1.2 billion, up from $0.8 billion at December 31, 2011.

Equity Position

Our equity position also supports our capabilities to access various funding sources. Our stockholder's equity at June 30, 2012 was $1.4 billion, compared to $1.2 billion at December 31, 2011.

Liquidity

The vast majority of CNH Capital's debt is self-liquidating from the cash generated by the underlying amortizing receivables. Normally, additional liquidity should not be necessary for the repayment of such debt. New originations of retail receivables are usually warehoused in committed asset-backed facilities until being refinanced in the term ABS market or with other third-party debt. New wholesale receivables are typically financed through a master trust and funded by variable funding notes ("VFNs") or in the term ABS market. Cash and commitments under the facilities shown in the table below totaled $5.3 billion, of which $1.8 billion was available for use at June 30, 2012.

	(in thousands)
Cash, cash equivalents and restricted cash	$ 1,370,826
Committed asset-backed facilities	3,612,046
Committed unsecured facility	350,000
Total cash and facilities	5,332,872
Less: restricted cash	1,158,719
Less: facilities utilization	2,367,534
Total available for use	$ 1,806,619

The liquidity available for use varies due to changes in origination volumes, reflecting the financing needs of our customers, and is influenced by the timing of any refinancing of underlying receivables.

In connection with a limited number of funding transactions, CNH Capital America LLC provides financial guarantees to various parties on behalf of certain foreign CNH Financial Services subsidiaries, in an amount not to exceed $283.6 million as of June 30, 2012.

Cautionary Note Regarding Forward-Looking Statements

All statements other than statements of historical fact contained in this quarterly report, including statements regarding our competitive strengths; business strategy; future financial position or operating results; budgets; projections with respect to revenue, income, capital expenditures, capital structure or other financial items; costs; and plans and objectives of management regarding operations, products and services, 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," "design," "target," "objective," "goal," or similar terminology.

Our outlook is predominantly based on our interpretation of what we consider to be key economic assumptions and involves risks and uncertainties that could cause actual results to differ (possibly materially) from such forward-looking statements. Macro-economic factors including monetary policy, interest rates, currency exchange rates, inflation, deflation, credit availability and government intervention in an attempt to influence such factors may have a material impact on our customers and the demand for our services. The demand for CNH's products and, in turn, our products and services is influenced by a number of factors, including, among other things: general economic conditions; demand for food; commodity prices, raw material and component prices and stock levels; net farm income levels; availability of credit; developments in biofuels; infrastructure spending rates; housing starts; commercial construction; seasonality of demand; changes and uncertainties in the monetary and fiscal policies of various governmental and regulatory entities; the ability to maintain key dealer relationships; currency exchange rates and interest rates; pricing policies by CNH or its competitors; political, economic and legislative changes; and the other risks described in "Risk Factors." Some of the other significant factors that may affect our results include our access to credit, restrictive covenants in our debt agreements, actions by rating agencies concerning the ratings on our debt and asset-backed securities and the credit ratings of CNH Global and Fiat Industrial, risks related to our relationship with Fiat Industrial, weather, climate change and natural disasters, actions taken by our competitors, the effect of changes in laws and regulations, the results of legal proceedings and employee relations.

Furthermore, in light of recent difficult economic conditions, both globally and in the industries in which we operate, it is particularly difficult to forecast our results and any estimates or forecasts of particular periods that we provide are uncertain. 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.

Critical Accounting Policies and Estimates

See our critical accounting policies and estimates discussed in our annual report for the year ended December 31, 2011 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 to our audited consolidated financial statements included in such annual report. There were no material changes to these policies or estimates during the six months ended June 30, 2012.

New Accounting Pronouncements

There were no new accounting standards adopted during the six months ended June 30, 2012.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our President and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2012. Based on that evaluation, our President and Chief Financial Officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us is recorded, processed, summarized and reported within the required time periods and that such information is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the three months ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

LEGAL PROCEEDINGS

CNH Capital is party to various litigation matters and claims arising from its operations. Management believes that the outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on CNH Capital's financial position or results of operations.

RISK FACTORS

Our Annual Report for the year ended December 31, 2011 includes a detailed discussion of our risk factors under the caption "Risk Factors." The information presented below updates, and should be read in conjunction with, the risk factors discussed in our Annual Report for the year ended December 31, 2011:

Restrictive covenants in our debt agreements could limit our financial and operating flexibility.

The indenture governing our outstanding indebtedness contains, and other credit agreements to which we are a party may contain, covenants that restrict our ability and/or that of our subsidiaries to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- use assets as security in other transactions;
- enter into sale and leaseback transactions; and/or
- sell certain assets or merge with or into other companies.

These restrictive covenants could limit our financial and operating flexibility. For example:

- limits on incurring additional debt and using assets as security in other transactions could materially limit our future business prospects by restricting us from financing as many customers as would be otherwise available to us, particularly if our traditional funding sources (including principally the ABS markets) were not available to us;
- limits on investments could result in a return on our assets that is lower than that of our competitors; and
- limits on the sale of assets or merger with or into other companies could deny us a future business opportunity despite the benefits that could be realized from such a transaction.

In addition, we are required to maintain certain coverage levels for leverage and EBITDA. Our leverage ratio, defined as the ratio of total net debt to equity, is required not to exceed 9.00:1, and our EBITDA coverage ratio, defined as the ratio of EBITDA to finance charges (interest expenses on a consolidated basis), is required to be at least 1.15:1.

Our ability to meet any of these restrictive covenants may be affected by events beyond our control, which could result in material adverse consequences that negatively impact our business, results of operations and financial position. If we fail to comply with these restrictive covenants, we may be unable to borrow additional funds and our lenders or debt holders may declare a default and demand the immediate repayment of all outstanding amounts owed to them. We cannot assure you that we will continue to comply with each restrictive covenant at all times, particularly if we were to encounter challenging and volatile market conditions.

These risks should be considered in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the other risks described in the Cautionary Note Regarding Forward-Looking Statements in this quarterly report. The risks described in our annual report and this quarterly report are not the only risks faced by us. Additional risks and uncertainties not currently known to us or that are currently judged to be immaterial may also materially affect our business, financial condition or operating results.

MINE SAFETY DISCLOSURES

Not applicable.

OTHER INFORMATION

On May 30, 2012, the Board of Directors of CNH Global received a proposal from Fiat Industrial to enter into a combination transaction. Fiat Industrial currently owns approximately 88% of CNH's shares. The Board of Directors of CNH Global is evaluating the proposal through a special committee of unconflicted directors which has retained independent financial and legal advisors to assist it in its work. The special committee will make a recommendation to the unconflicted members of the Board of Directors of CNH Global. The Board of Directors of CNH Global, through the special committee, has not yet completed its evaluation of the proposal and there can be no assurance that the proposal will lead to any definitive offer, that any agreement will be reached or that any transaction will be consummated.

LIST OF EXHIBITS

12 Computation of Ratio of Earnings to Fixed Charges

EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the three and six months ended June 30, 2012 and 2011, the computation of ratio of earnings to fixed charges is as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Earnings:				
Income before taxes	$ 85,056	$ 78,899	$ 173,496	$ 163,384
Add:				
Fixed charges	63,596	69,349	128,937	139,373
Amortization of capitalized interest	--	--	--	--
Less:				
Interest capitalized	--	--	--	--
Earnings	$ 148,652	$ 148,248	$ 302,433	$ 302,757
Fixed charges				
Interest expense inclusive of amortized premiums, discounts and capitalized expenses related to indebtedness	$ 63,574	$ 69,316	$ 128,890	$ 139,306
Interest capitalized	--	--	--	--
Estimate of the interest component of rental expense	22	33	47	67
Fixed charges	$ 63,596	$ 69,349	$ 128,937	$ 139,373
Ratio of earnings to fixed charges	2.34	2.14	2.35	2.17