

CNH GLOBAL N V  
Form 6-K  
January 16, 2003

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 6-K**

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

**For the month of January, 2003.**

**CNH GLOBAL N.V.**

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

**World Trade Center  
Tower B, 10th Floor  
Amsterdam Airport  
The Netherlands**

**(Address of Principal Executive Offices)**

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

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Canadian Ag Flash Reports

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**CNH GLOBAL N.V.**

Form 6-K for the month of January, 2003

List of Exhibits:

1. Registrant's Summary North American Retail Unit Sales Activity For Selected Agricultural and Construction Equipment, During the Month of December and Cumulative for 12 Months, 2002, And Indicators of North American Dealer Inventory Levels for Selected Agricultural Equipment at the End of November 2002 Relative to Industry Results or Levels, Compared with Prior Year Periods.
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CNH Global N.V.

Summary North American Retail Unit Sales Activity  
For Selected Agricultural and Construction Equipment,  
During the Month of December and Cumulative for 12 Months, 2002,  
And Indicators of North American Dealer Inventory Levels for Selected Agricultural  
Equipment at the End of November 2002  
Relative to Industry Results or Levels, Compared with Prior Year Periods

The following table summarizes selected agricultural and construction equipment industry retail unit sales results in North America as compared with prior year periods. Industry results for the current periods are expressed as a percentage change from the prior year periods, by major product category. The percentage change reflects only industry retail unit sales results and is derived from flash, or preliminary actual, data of the U.S. Association of Equipment Manufacturers ( AEM ) and of the Canadian Farm and Industrial Equipment Institute ( CFIEI ).

These industry data are based on unit sales as preliminarily reported by AEM and CFIEI member companies and include most, but not all, of the equipment sold in each of the categories. The data are subject to revision from time to time and caution should be maintained when using the data for any purpose. Actual results will vary and may not be known for some time. Over time, industry results will be adjusted to reflect actual sales differences, reclassifications, or other factors. Retail unit sales will fluctuate from month to month due to several factors, including timing of new products and new product introductions, product availability, and sales programs. CNH Global N.V.'s performance for the same periods is described relative to the change in industry results.

Also included in the table are indicators of North American dealer inventory levels. Industry data are derived from the flash, or preliminary actual, data of the AEM and CFIEI and expressed as the number of months of inventory on hand, based on the simple average of the previous 12 months retail unit sales results. CNH Global N.V.'s dealer's inventory levels for the same periods are described relative to the industry levels.

This information reflects point-in-time data that is not necessarily representative of either the market nor of CNH Global N.V.'s relative performance going forward, nor does it reflect or imply any forward-looking information regarding the market or CNH Global N.V.'s relative performance in that market.

Copies of the relevant Agricultural Flash report from AEM and CFIEI follow the table.

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December N.A. Activity

SUMMARY OF NORTH AMERICAN RETAIL ACTIVITY		
CATEGORY	Total North American INDUSTRY	CNH RELATIVE PERFORMANCE (All Brands)
<b>RETAIL UNIT SALES: MONTH OF DEC. 2002</b>		
Agricultural Tractors: under 40 horsepower (2WD)	(8.4%)	down low double digits, moderately worse than the industry
40 to 100 horsepower (2WD)	(8.7%)	down low double digits, moderately worse than the industry
over 100 horsepower (2WD)	(5.9%)	up moderate double digits
4 wheel drive tractors	(27.7%)	up moderate double digits
Total tractors	(8.7%)	down mid single digits, slightly better than the industry
Combines	+ 6.6%	up low double digits
Loader/backhoes	(22.9%)	down moderate double digits, moderately worse than the industry
Skid Steer Loaders	(12.6%)	down moderate double digits, moderately worse than the industry
Total Heavy Construction Equipment	(5.5%)	up moderate double digits, moderately better than the industry
<b>RETAIL UNIT SALES: 12 MONTHS, 2002</b>		
Agricultural Tractors: under 40 horsepower (2WD)	+ 6.0%	up mid single digits, equal to the industry
40 to 100 horsepower (2WD)	(0.8%)	down low double digits, moderately worse than the industry
over 100 horsepower (2WD)	(14.8%)	down low double digits, in line with the industry
4 wheel drive tractors	(18.8%)	down low double digits, in line with the industry
Total tractors	+ 0.8%	down mid single digits, moderately worse than the industry
Combines	(20.3%)	down high single digits, moderately better than the industry

Loader/backhoes	(16.6%)	down moderate double digits, moderately worse than the industry
Skid Steer Loaders	(13.8%)	down low double digits, slightly worse than the industry
Total Heavy Construction Equipment	(6.2%)	down low double digits, moderately worse than the industry

**DEALER INVENTORIES:  
END OF NOVEMBER 2002**

Agricultural Tractors: under 40 horsepower (2WD)	4.9 months supply	1 month lower than the industry
40 to 100 horsepower (2WD)	5.0 months supply	> 1 month lower than the industry
over 100 horsepower (2WD)	4.6 months supply	> 1 month lower than the industry
4 wheel drive tractors	4.3 months supply	in line with the industry
Total tractors	4.9 months supply	1 month lower than the industry
Combines	3.0 months supply	1 month higher than the industry

Dated: January 16, 2003

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**December 2002 Flash Report**  
**U.S. Unit Retail Sales**  
**(Report released**  
**January 13, 2003)**

<b>Equipment</b>	<b>December 2002</b>	<b>December 2001</b>	<b>% Chg.</b>	<b>Y-T-D 2002</b>	<b>Y-T-D 2001</b>	<b>% Chg.</b>	<b>November 2002 U.S. Field Inventory</b>
<b>Farm Wheel Tractors - 2 Wheel Drive</b>							
Under 40 HP	5,404	5,856	(7.7%)	96,757	91,004	6.3%	39,388
40 & Under 100 HP	3,982	4,337	(8.2%)	53,521	54,022	(0.9%)	22,660
100 HP & Over	1,327	1,500	(11.5%)	13,887	17,063	(18.6%)	5,508
<b>Total - 2 Wheel Drive</b>	<b>10,713</b>	<b>11,693</b>	<b>(8.4%)</b>	<b>164,165</b>	<b>162,089</b>	<b>1.3%</b>	<b>67,556</b>
<b>Total - 4 Wheel Drive</b>	<b>222</b>	<b>281</b>	<b>(21.0%)</b>	<b>2,682</b>	<b>3,425</b>	<b>(21.7%)</b>	<b>1,007</b>
<b>Total Farm Wheel Tractors</b>	<b>10,935</b>	<b>11,974</b>	<b>(8.7%)</b>	<b>166,847</b>	<b>165,514</b>	<b>0.8%</b>	<b>68,563</b>
<b>Combines (Self-Propelled)</b>	<b>662</b>	<b>628</b>	<b>5.4%</b>	<b>5,052</b>	<b>6,422</b>	<b>(21.3%)</b>	<b>1,188</b>



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These data are, in part, estimates that are subject to revisions when final detail data become available. Because of the seasonal nature of the industry, comparisons of monthly data from one period to another should be done with extreme caution. These data represent most, but not all, of the manufacturers in each product category being sold at retail in the fifty states and the District of Columbia.

Ag Flash Report is updated by the 15th of the month.

For further information, please contact Mary Matimore at 312-321-1470.

[Back To U.S. Ag Reports Home](#)

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**Table of Contents****Industry Trends****Canadian Ag Flash Reports**

**December 2002 Flash Report**  
**Canada Unit Retail Sales**  
 (Report released 1/13/2003)

These data are, in part, estimates that are subject to revisions when final detail data become available. Because of the seasonal nature of the industry, comparisons of monthly data from one period to another should be done with extreme caution. These data represent most, but not all, of the manufacturers in each product category being sold at retail in the Provinces of Canada.

Equipment	December			December YTD			November	
	2002	2001	% Chg.	2002	2001	% Chg.	2002 Canadian (Field) Inventory	2001 Canadian (Field) Inventory
<b>Farm Wheel Tractors - 2 Wheel Drive</b>								
Under 40 HP	280	346	(19.1%)	4,980	4,957	0.5%	2,712	2,310
40 & Under 100 HP	547	621	(11.9%)	6,937	6,948	0.4%	2,794	3,083
100 HP & Over	407	343	18.7%	3,752	3,650	2.8%	1,282	1,240
<b>Total - 2 Wheel Drive</b>	<b>1,234</b>	<b>1,310</b>	<b>(5.8%)</b>	<b>15,705</b>	<b>15,555</b>	<b>1.0%</b>	<b>6,788</b>	<b>6,633</b>
<b>Total - 4 Wheel Drive</b>	<b>54</b>	<b>101</b>	<b>(46.5%)</b>	<b>561</b>	<b>571</b>	<b>(1.8%)</b>	<b>197</b>	<b>185</b>
<b>Total Farm Wheel Tractors</b>	<b>1,228</b>	<b>1,411</b>	<b>(8.7%)</b>	<b>16,266</b>	<b>16,126</b>	<b>0.9%</b>	<b>6,985</b>	<b>6,818</b>
<b>Combines (Self-Propelled)</b>	<b>114</b>	<b>100</b>	<b>14.0%</b>	<b>991</b>	<b>1,163</b>	<b>(14.8%)</b>	<b>312</b>	<b>284</b>

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**SIGNATURES**

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

CNH Global N.V.

By: /S/Darlene M. Roback

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Darlene M. Roback  
Assistant Secretary

January 16, 2003

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- **Potential conflicts.** — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading securities included in the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the level of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.
- Our initial estimated value of the notes will be lower than the price to public. — Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes will exceed our initial estimated value, because costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the agent's commission, and the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations. The initial estimated value of the notes may be as low as the amount indicated on the cover page of this pricing supplement.
- Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. — Our initial estimated value of the notes as of the date of this preliminary pricing supplement is, and our estimated value as determined on the pricing date will be, derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include volatility of the Underlying Asset, dividend rates and interest rates. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market

conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated value does not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

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- The terms of the notes are not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we will use an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.
- Certain costs are likely to adversely affect the value of the notes. — Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the agent's commission and the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely to be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.
- You will not have any shareholder rights and will have no right to receive any shares of any securities included in the Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of any company included in the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to those securities.
- Changes that affect the Underlying Asset will affect the market value of the notes, whether the notes will be automatically called, and the amount you will receive at maturity. — The policies of STOXX Limited ("STOXX"), the sponsor of the Underlying Asset, concerning the calculation of the Underlying Asset, additions, deletions or substitutions of the components of the Underlying Asset and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Asset and, therefore, could affect the level of the Underlying Asset, the amount payable on the notes at maturity, whether the notes will be automatically called, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if STOXX changes these policies, for example, by changing the manner in which it calculates the Underlying Asset, or if STOXX discontinues or suspends the calculation or publication of the Underlying Asset.
  - We have no affiliation with STOXX and will not be responsible for any actions taken by STOXX. — STOXX is not an affiliate of ours or will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of STOXX, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. STOXX has no obligation of any sort with respect to the notes. Thus, STOXX has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from the issuance of the notes will be delivered to STOXX.
- An investment in the notes is subject to risks associated with non-U.S. securities markets. — The Underlying Asset tracks the value of certain European equity securities. You should be aware that investments in securities linked to the value of non-U.S. equity securities involve particular risks. The non-U.S. securities markets comprising the Underlying Asset may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect non-U.S. markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross-shareholdings in non-U.S. companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and non-U.S. companies are subject to accounting,

auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

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Prices of securities in Europe are subject to political, economic, financial and social factors that apply in that market. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in European economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to European companies or investments in European equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health development in the region. Moreover, European economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

- **Lack of liquidity.** — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.
- **Hedging and trading activities.** — We or any of our affiliates may carry out hedging activities related to the notes, including purchasing or selling securities included in the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading relating to the Underlying Asset from time to time. Any of these hedging or trading activities on or prior to the pricing date and during the term of the notes could adversely affect our payment to you at maturity.
- **Many economic and market factors will influence the value of the notes.** — In addition to the level of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.
- **You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset.** — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the level of the Underlying Asset or the prices of securities included in the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- **Significant aspects of the tax treatment of the notes are uncertain.** — The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could

be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled “U.S. Federal Tax Information” in this pricing supplement, the section entitled “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations” in the accompanying product supplement, the section “United States Federal Income Taxation” in the accompanying prospectus and the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

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## Examples of the Hypothetical Payment at Maturity for a \$1,000 Investment in the Notes

The following table illustrates the hypothetical payments on a note at maturity that is not automatically called on the first or second Call Date. The hypothetical payments are based on a \$1,000 investment in the note, a hypothetical Initial Level of 100.00, a hypothetical Barrier Level of 85.00 (85.00% of the Initial Level), a hypothetical final Call Price of \$1,200, and a range of hypothetical Final Levels and the effect on the payment at maturity: (i) if the Final Level of the Underlying Asset is above the Initial Level on the Valuation Date (which is the final Call Date), your payment at maturity will be the final Call Price; (ii) if the Final Level of the Underlying Asset is less than the Initial Level but does not fall below the Barrier Level, your payment at maturity will be 100% of the principal amount; however, (iii) if the Final Level is less than the Barrier Level, the value of the cash payment that you receive will be less than your principal amount, and may be zero.

The hypothetical examples shown below are intended to help you understand the terms of the notes. If the notes are not automatically called before the final Call Date, the actual cash amount that you will receive at maturity will depend upon the Final Level of the Underlying Asset, and whether its closing level is below the Barrier Level on the Valuation Date. If the notes are automatically called prior to maturity, the hypothetical examples below will not be relevant, and you will receive on the applicable Call Settlement Date, for each \$1,000 principal amount, the applicable Call Price.

Hypothetical Final Level	Hypothetical Final Level Expressed as a Percentage of the Initial Level	Payment at Maturity
150.00	150.00%	\$1,200.00
125.00	125.00%	\$1,200.00
100.00	100.00%	\$1,000.00
90.00	90.00%	\$1,000.00
85.00	85.00%	\$1,000.00
70.00	70.00%	\$700.00
65.00	65.00%	\$650.00
50.00	50.00%	\$500.00
25.00	25.00%	\$250.00
0.00	0%	\$0.00

## U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations,” which applies to the notes.

A “dividend equivalent” payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-United States holder (as defined in the product supplement). Under recently proposed U.S. Treasury Department regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends, with respect to equity-linked instruments, including the notes, may be treated as dividend equivalents. If enacted in their current form, the regulations will impose a withholding tax on payments made on the notes on or after January 1, 2014 that are treated as dividend equivalents. In that case, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld. Further, non-United States holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the notes in order to minimize or avoid U.S. withholding taxes.

The Treasury Department has issued final regulations and a notice affecting the legislation enacted on March 18, 2010 and discussed in the product supplement under “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations—Legislation Affecting Taxation of Notes Held By or Through Foreign Entities.” Pursuant to the notice, withholding requirements with respect to the notes will generally begin no earlier than July 1, 2014. Additionally, the withholding tax will not be imposed on payments pursuant to obligations outstanding on July 1, 2014. Account holders subject to information reporting requirements pursuant to the legislation may include holders of the notes. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing the legislation may be subject to different rules. Holders are urged to consult their own tax advisors regarding the implications of this legislation and subsequent guidance on their investment in the notes.

## Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or each additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at an agreed discount to the initial price to public.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

We reserve the right to withdraw, cancel or modify the offering of the notes and to reject orders in whole or in part. You may cancel any order for the notes prior to its acceptance.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset or as to the suitability of an investment in the notes.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

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For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our estimated value of the notes that would otherwise be determined and applicable at that time. This temporary upward adjustment represents a portion of (a) the hedging profit that we or our affiliates expect to realize over the term of the notes and (b) the selling concessions paid in connection with this offering. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

#### Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of the notes on the date of this preliminary pricing supplement, and that will be set forth on the cover page of the final pricing supplement relating to the notes, equals the sum of the values of the following hypothetical components:

- a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and
- one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of the notes on the pricing date will be determined based on market conditions at that time.

## The Underlying Asset

All disclosures contained in this pricing supplement regarding the Underlying Asset, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, STOXX. STOXX, which owns the copyright and all other rights to the Underlying Asset, has no obligation to continue to publish, and may discontinue publication of, the Underlying Asset. The consequences of STOXX discontinuing publication of the Underlying Asset are discussed in the section of the product prospectus supplement entitled “General Terms of the Notes—Unavailability of the Level of the Underlying Asset on a Valuation Date.” Neither we nor BMOCM accepts any responsibility for the calculation, maintenance or publication of the Underlying Asset or any successor index.

The Underlying Asset was created by STOXX, a joint venture between Deutsche Börse AG and SIX Group AG. Publication of the Underlying Asset began in February 1998, based on an initial Index level of 1,000 at December 31, 1991. On March 1, 2010, STOXX announced the removal of the “Dow Jones” prefix from all of its indices, including the Underlying Asset. Additional information about the Underlying Asset is available on the STOXX Limited website: <http://www.stoxx.com>. However, information included in that website is not included or incorporated by reference in this pricing supplement.

## Underlying Asset Composition and Maintenance

For each of the 19 EURO STOXX regional supersector indices, the stocks are ranked in terms of free-float market capitalization. The largest stocks are added to the selection list until the coverage is close to, but still less than, 60% of the free-float market capitalization of the corresponding supersector index. If the next highest-ranked stock brings the coverage closer to 60% in absolute terms, then it is also added to the selection list. All current stocks in the index are then added to the selection list. All of the stocks on the selection list are then ranked in terms of free-float market capitalization to produce the final index selection list. The largest 40 stocks on the selection list are selected; the remaining 10 stocks are selected from the largest remaining current stocks ranked between 41 and 60; if the number of stocks selected is still below 50, then the largest remaining stocks are selected until there are 50 stocks. In exceptional cases, STOXX’s management board can add stocks to and remove them from the selection list.

The index stocks are subject to a capped maximum index weight of 10%, which is applied on a quarterly basis.

The Underlying Asset is composed of 50 component stocks of market sector leaders from within the 19 EURO STOXX® Supersector indices, which represent the Eurozone portion of the STOXX Europe 600® Supersector indices. The index stocks have a high degree of liquidity and represent the largest companies across a wide range of market sectors.

## Composition and Maintenance of the Underlying Asset

The composition of the Underlying Asset is reviewed annually, based on the closing stock data on the last trading day in August. Changes in the composition of the Underlying Asset are made to ensure that it includes the 50 market sector leaders from within the EURO STOXX Index.

The free float factors for each component stock used to calculate the Underlying Asset, as described below, are reviewed, calculated, and implemented on a quarterly basis and are fixed until the next quarterly review.

The Underlying Asset is subject to a “fast exit rule.” The index stocks are monitored for any changes based on the monthly selection list ranking. A stock is deleted from the Underlying Asset if: (a) it ranks 75 or below on the monthly selection list and (b) it has been ranked 75 or below for a consecutive period of two months in the monthly

selection list. The highest-ranked stock that is not already an index stock will replace it. Changes will be implemented on the close of the fifth trading day of the month, and are effective the next trading day.

The Underlying Asset is also subject to a “fast entry rule.” All stocks on the latest selection lists and initial public offering (IPO) stocks are reviewed for a fast-track addition on a quarterly basis. A stock is added, if (a) it qualifies for the latest STOXX blue-chip selection list generated end of February, May, August or November and (b) it ranks within the “lower buffer” on this selection list.

The Underlying Asset is also reviewed on an ongoing basis. Corporate actions (including initial public offerings, mergers and takeovers, spin-offs, delistings, and bankruptcy) that affect the Underlying Asset composition are immediately reviewed. Any changes are announced, implemented, and effective in line with the type of corporate action and the magnitude of the effect.

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## Calculation of the EURO STOXX 50® Index

The Underlying Asset is calculated with the “Laspeyres formula,” which measures the aggregate price changes in the index stocks against a fixed base quantity weight. The formula for calculating the Underlying Asset value can be expressed as follows:

$$\text{Index} = \frac{\text{free float market capitalization of the index at the time}}{\text{divisor of the index at the time}}$$

The “free float market capitalization of the index” is equal to the sum of the products of the closing price, number of shares, free float factor and the weighting cap factor for each component company as of the time that the Underlying Asset is being calculated.

The divisor of the Underlying Asset is adjusted to maintain the continuity of the Underlying Asset’s values across changes due to corporate actions, such as the deletion and addition of stocks, the substitution of stocks, stock dividends, and stock splits.

## License Agreement

We have entered into a non-exclusive license agreement with STOXX, which grants us a license in exchange for a fee to use the Underlying Asset in connection with the issuance of certain securities, including the notes.

STOXX and its licensors (the “Licensors”) have no relationship with us or BMOCM, other than the licensing of the Underlying Asset and the related trademarks for use in connection with the notes.

STOXX and its Licensors do not:

- sponsor, endorse, sell or promote the notes.
- recommend that any person invest in the notes or any other securities.
- have any responsibility or liability for or make any decisions about the timing, amount or pricing of the notes.
- have any responsibility or liability for the administration, management or marketing of the notes.
- consider the needs of the notes or the owners of the notes in determining, composing or calculating the Underlying Asset or have any obligation to do so.

STOXX and its Licensors will not have any liability in connection with the notes. Specifically,

- STOXX and its Licensors do not make any warranty, express or implied, and disclaim any and all warranty about:

§ the results to be obtained by the notes, the owner of the notes or any other person in connection with the use of the Underlying Asset and the data included in the Underlying Asset;

§ the accuracy or completeness of the Underlying Asset and its data;

§ the merchantability and the fitness for a particular purpose or use of the Underlying Asset or its data;

- STOXX and its Licensors will have no liability for any errors, omissions or interruptions in the Underlying Asset or its data; and
- any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX knows that they might occur.

The licensing agreement among us, BMOCM and STOXX is solely for the benefit of the parties thereto and not for the benefit of the owner of the notes or any other third parties.

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## Historical Information of the Underlying Asset

The following table sets forth the quarter-end high and low closing levels for the Underlying Asset from the first quarter of 2010 through December 30, 2013.

The historical levels of the Underlying Asset are provided for informational purposes only. You should not take the historical levels of the Underlying Asset as an indication of its future performance, which may be better or worse than the levels set forth below.

## Closing Levels of the Underlying Asset

	High (\$)	Low (\$)
2010 First Quarter	3,017.85	2,631.64
Second Quarter	3,012.65	2,488.50
Third Quarter	2,827.27	2,507.83
Fourth Quarter	2,890.64	2,650.99
2011 First Quarter	3,068.00	2,721.24
Second Quarter	3,011.25	2,715.88
Third Quarter	2,875.67	1,995.01
Fourth Quarter	2,476.92	2,090.25
2012 First Quarter	2,608.42	2,286.45
Second Quarter	2,501.18	2,068.66
Third Quarter	2,594.56	2,151.54
Fourth Quarter	2,659.95	2,427.32
2013 First Quarter	2,749.27	2,570.52
Second Quarter	2,835.87	2,511.83
Third Quarter	2,936.20	2,570.76
Fourth Quarter (through December 30, 2013)	3,111.37	2,902.12