

CNH CAPITAL CANADA RECEIVABLES TRUST

**Financial Statements as at and for the years ended
December 31, 2008 and 2007 and Auditors' Report**



CNH CAPITAL CANADA RECEIVABLES TRUST

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CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

GENERAL

Management's Discussion and Analysis ("MD&A"), dated April 3, 2009, should be read in conjunction with the audited financial statements for the years ended December 31, 2008 and 2007. Management is responsible for the reliability and timeliness of the information disclosed in the MD&A.

BUSINESS OF THE TRUST

CNH Capital Canada Receivables Trust (the "Trust") was established by The Canada Trust Company (formerly TD Trust Company), as Issuer Trustee, under the laws of the Province of Ontario by Declaration of Trust dated September 11, 2000. BNY Trust Company of Canada is the Indenture Trustee.

The Trust's activities are limited to the acquisition and administration of retail installment contracts (the "Purchased Assets") from CNH Capital Canada Ltd. ("CNH Capital Canada"), and financing these purchases through the issuance of asset-backed notes and loans (the "Notes") and subordinated loans. Collections on the Purchased Assets are used to pay the obligations of the Trust, including the payment of interest and principal owing on the securities issued by it.

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

RESULTS OF OPERATIONS

As there were no new purchases of retail installment contracts in 2008, the Trust's portfolio of managed receivables decreased by \$184,191,248 to \$169,547,015 as at December 31, 2008 from \$353,738,263 as at December 31, 2007. This included a clean-up call exercised by CNH Capital Canada in May 2008 whereby \$18,759,206 of retail installment contracts were sold at book value to CNH Capital Canada. Also related to this clean-up call, the Series 2004-1 Class B Notes, the Series 2004-1 Class A-3 loan and the Series 2004-1 subordinated loan were repaid in full.

Interest income for the year ended December 31, 2008 totaled \$22,204,269 compared to \$43,551,238 reported for the year ended December 31, 2007 and \$38,025,657 for the year ended December 31, 2006. This decrease in the current year was attributable to a 52.5% decrease in the average portfolio balance for the year.

Interest expense decreased \$21,343,536 to \$22,197,402 for the year ended December 31, 2008 from the \$43,540,938 recorded for the year ended December 31, 2007 and \$38,014,457 for the year ended December 31, 2006. The decrease in interest expense in the current year was driven by a 35.1% decrease in the average balance of the Trust's Notes and loans payable and the decrease in interest rates for the variable loans payable and VPN loans payable.

Total credit losses incurred on the Trust's portfolio in 2008 and 2007 were \$1,711,720 and \$2,166,481, respectively. These credit losses are absorbed by CNH Capital Canada through the residual purchase price payable.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Trust's unaudited quarterly financial information for the years ended December 31, 2008 and 2007:

	2008			
	Q1	Q2	Q3	Q4
Interest income	\$ 6,951,149	\$ 5,778,939	\$ 5,058,137	\$ 4,416,044

	2007			
	Q1	Q2	Q3	Q4
Interest income	\$ 13,072,291	\$ 12,383,546	\$ 10,175,546	\$ 7,919,855

TRANSACTIONS WITH RELATED PARTIES

For the year ended December 31, 2008, the Trust's interest expense paid to CNH Capital Canada with respect to residual indebtedness was \$9,177,519 (2007 - \$16,757,082) and the other expenses paid to CNH Capital Canada amounted to \$4,667 (2007 - \$7,000). The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total interest expense on the statements of operations, comprehensive income and undistributed income includes amounts paid to related parties for interest on the residual indebtedness.

As at December 31, 2008, the amount due to related parties with respect to residual indebtedness is \$1,119,443 (2007 - \$12,501,699).

ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and revenues and expenses for the year reported. The most significant estimates relate to the valuation of financial instruments and the estimation of credit losses on retail note and finance lease contracts receivable. Actual results could differ from those estimates.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

ACCOUNTING POLICIES

Changes in accounting policies – Adopted in Fiscal 2007

On January 1, 2007, the Trust adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants (“CICA”): Section 1530, “Comprehensive Income” (“Section 1530”); Section 3855, “Financial Instruments – Recognition and Measurement” (“Section 3855”); Section 3861, “Financial Instruments – Disclosure and Presentation” (“Section 3861”); and Section 3865, “Hedges” (“Section 3865”). The Trust adopted these standards retroactively without restatement; accordingly, comparative amounts were not restated.

Section 1530 introduces Comprehensive Income (“CI”), which consists of Net Income and Other Comprehensive Income (“OCI”). CI represents changes in net assets during a year arising from transactions and other events with non-owner sources. There were no transactions resulting in OCI for the years ended December 31, 2008 and 2007.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that all financial assets and liabilities be recognized on the Statements of Net Assets when the Trust becomes a party to the contractual provisions of the financial instrument. Under Section 3855, all financial assets and financial liabilities are initially recognized at fair value. Subsequent measurement depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied as well as the accounting for each of the permitted hedging strategies. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, when the derivative is terminated or sold, or upon the sale or early termination of the hedged item.

Effective January 1, 2007, the Trust classified all of its financial assets as loans and receivables with the exception of cash, which has been classified as held-for-trading by its nature, and all of its financial liabilities as other financial liabilities. Financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. The Trust has adopted a policy under the new standard of expensing all transaction costs as incurred. Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Trust receives or delivers the asset. The Trust has reviewed contracts entered into or modified subsequent to January 1, 2003 and determined that the Trust does not currently have any significant embedded derivatives in these contracts that require separate accounting and disclosure. There were no transition adjustments resulting in an adjustment to accumulated other comprehensive income as at January 1, 2007.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

ACCOUNTING POLICIES (continued)

Changes in accounting policies – Adopted in Fiscal 2008

On January 1, 2008, the Trust adopted three new accounting standards that were issued by the CICA: Section 1535, "Capital Disclosures" ("Section 1535"); Section 3862, "Financial Instruments – Disclosures" ("Section 3862"); and Section 3863, "Financial Instruments – Presentation" ("Section 3863"). These new standards have been applied prospectively.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of Section 1535 had no impact on the Trust's disclosures as the Trust has nominal capital.

Sections 3862 and 3863 replace Section 3861 revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Future accounting changes - Transition to International Financial Reporting Standards ("IFRS")

The CICA Accounting Standards Board has confirmed January 1, 2011, as the date that IFRS will replace Canadian generally accepted accounting principles for publicly accountable enterprises. Management is currently evaluating the impact of this change and is developing an IFRS conversion plan for the Trust.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Market Risk

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

Interest rate risk refers to the risk that the fair value or income and future cash flows of a financial instrument will vary as a result of changes in market interest rates. The Trust has entered into interest rate swaps with various banks (the "Counterparties") to mitigate the risks associated with the fact that the retail note and finance lease contract receivables of the Trust bear interest at a fixed rate while the loans payable and certain Notes payable bear interest at a floating rate. The notional amounts of the swaps are equal to the outstanding principal balance on the Trust's variable rate notes and loans payable. The Trust is obligated to pay the Counterparties an amount based upon a fixed rate of interest and the Counterparties are obligated to pay the Trust an amount equal to the Canadian Bankers' Acceptance ("BA") rate plus a specified percentage in excess of the BA rate. At December 31, 2008, the average rate of interest the Trust is obligated to pay the Counterparties is 4.14%. The average rate of interest the Counterparties are obligated to pay the Trust is the BA rate plus 0.06%. Payments under the swap contracts are settled on a net basis. The Trust does not enter into derivative financial instruments for trading purposes. The Counterparties expose the Trust to credit-related losses in the event of non-performance. The Trust does not expect the Counterparties to fail to meet their obligations given their high credit ratings.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk (continued)

The Trust is not exposed to losses from foreign exchange rates, equity or commodity prices. All of the Trust's transactions are denominated in Canadian dollars and the Trust does not invest in equities or commodities.

Credit Risk

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

The Trust's investment in Purchased Assets results in significant concentrations of credit risk in the agricultural and construction industries. Numerous factors can affect the future performance of the Trust. These factors include the general level of activity in the agricultural and construction industries, the rate of North American agricultural production and demand, weather conditions, commodity prices, consumer confidence, government subsidies for the agricultural sector and prevailing levels of constructions (especially housing starts). The Trust manages this risk through the subordinated loans and the residual purchase price payable, which provide the Trust with overcollateralization designed to minimize its credit risk. The principal balances of accounts greater than 30 days delinquent were \$2,196,992 and \$2,609,417, which represented 1.30% and 0.74% of the Trust's portfolios at December 31, 2008 and 2007, respectively.

As of December 31, 2008, the portfolio of the retail note and finance lease contracts by annual yield and by industry is as follows:

APR Range	Agriculture	Construction	Total Portfolio
0.00% – 2.99%	\$ 35,203,958	\$ 8,410,833	\$ 43,614,791
3.00% – 5.99%	40,801,245	11,165,503	51,966,748
6.00% – 8.99%	51,748,746	8,725,517	60,474,263
9.00% – 11.99%	7,601,875	4,975,278	12,577,153
12.00% – 17.99%	<u>43,191</u>	<u>870,869</u>	<u>914,060</u>
	\$ <u>135,399,015</u>	\$ <u>34,148,000</u>	\$ <u>169,547,015</u>

Liquidity Risk

Liquidity and funding risk is the risk that the Trust may be unable to generate or obtain sufficient cash or its equivalents in a timely and cost effective manner to meet its commitments as they come due.

The current worldwide financial and credit crisis has had a material impact on the asset-backed securitization market. While the Trust has issued additional VPN loans to meet its debt obligations, there can be no assurance that the Trust will be able to access these sources of financing in the future. If the Trust is unable to access additional VPN loans, the noteholders would be paid as collections were received.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The Trust's restricted cash and cash equivalents balance totaled \$34,086,736 as of December 31, 2008 (2007 - \$52,007,873). The Trust's borrowings are comprised of interest-bearing Notes and loans secured by the underlying Purchased Assets. The balance of the outstanding Notes and loans was \$199,286,021 as of December 31, 2008 (2007 - \$394,364,710). Interest on the Notes and loans is payable monthly, in arrears on the 15th day of the following month. The cash flows from the Trust's investment in retail notes and finance lease contracts and cash account are expected to provide sufficient liquidity for the repayment of the Trust's borrowings and the interest expense on those borrowings.

Derivatives

The Trust enters into interest rate swap contracts with approved creditworthy counterparties to manage the Trust's current and anticipated exposure to interest rate risks. The Trust does not enter into interest rate swap contracts for trading or speculative purposes. Interest rate swaps that are designated, and effective, as qualifying hedges are recognized on an accrual basis with net settlements recorded as an adjustment to interest expense. Interest rate swaps that do not qualify for hedge accounting under Section 3865 are recorded at fair value with the changes in fair value recognized in earnings in the period in which they occur.

The Trust's interest rate swap agreements were not designated in effective hedging relationships for accounting purposes as outlined in Section 3865. At December 31, 2008, the Trust recorded a derivative liability of \$4,292,840, which represents the fair value of the interest rate swaps as of December 31, 2008. The net change in fair value of interest rate swaps during the year ended December 31, 2008 was a loss of \$4,429,409. Due to the structure of the Trust any gains or losses relating to interest rate swap agreements, including the amortization of the transitional deferred loss, are attributable to CNH Capital Canada and, as such, a net offsetting adjustment has been made to interest expense and residual purchase price payable for these amounts. The gains and losses arising from the derivative assets and liabilities and the related offsetting adjustment to the residual purchase price payable are recorded in Interest expense in the periods in which they arise.

Fair Values of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Trust determines fair value using available market information or other appropriate valuation methodologies such as discounted cash flow analysis. Fair values using valuation models require the use of assumptions concerning the amount and timing of estimated cash flows and discount rates. In determining those assumptions, the Trust looks primarily to external observable market inputs including factors such as interest yield curves and price or rate volatilities as applicable. The fair value of interest rate swaps is estimated based on discounted expected cash flows using quoted market interest rates. Considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The Administrator is not aware of any factors that would significantly affect the fair value estimates contained within these financial statements.

CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

DISCLOSURE CONTROLS AND PROCEDURES

The Trust's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. As of December 31, 2008, an evaluation was carried out, under the supervision of and with the participation of management, of the effectiveness of the Trust's disclosure controls and procedures as defined under Multilateral Instrument 52-109. Based on that evaluation, management concluded that the design and operation of the Trust's disclosure controls and procedures were effective as at December 31, 2008.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management assessed the design effectiveness of the Trust's internal control over financial reporting as at December 31, 2008, and based on that assessment determined that the Trust's internal control over financial reporting design was effective. No changes were made in the Trust's internal control over financial reporting during the year ended December 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

ADDITIONAL INFORMATION

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

Auditors' Report

To the Issuer Trustee of CNH Capital Canada Receivables Trust:

We have audited the statements of net assets of CNH Capital Canada Receivables Trust (the "Trust") as at December 31, 2008 and 2007 and the statements of operations, comprehensive income and undistributed income and of cash flows for the years then ended. These financial statements are the responsibility of CNH Capital Canada Ltd. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LP

Chartered Accountants
Licensed Public Accountants
April 3, 2009

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF NET ASSETS AS AT DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

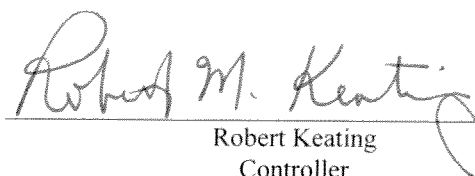
	2008	2007
ASSETS		
Restricted cash and cash equivalents (Note 3)	\$ 34,086,736	\$ 52,007,873
Accrued interest receivable (Note 4)	2,040,768	4,312,185
Investment in retail note and finance lease contracts (Note 5)	169,547,015	353,738,263
Derivative assets (Note 7)	<u>--</u>	<u>136,569</u>
TOTAL	\$ <u>205,674,519</u>	\$ <u>410,194,890</u>
LIABILITIES AND NET ASSETS		
Deposits and other accrued liabilities	\$ 521,944	\$ 812,948
Accrued interest payable	454,261	2,515,523
Residual purchase price payable (Notes 2 and 8)	1,119,443	12,501,699
Derivative liabilities (Note 7)	4,292,840	--
Notes payable (Note 6)	21,375,000	186,435,000
Loans payable (Note 6)	<u>177,911,021</u>	<u>207,929,710</u>
Total liabilities	<u>205,674,509</u>	<u>410,194,880</u>
Net assets represented by Trust Capital	<u>10</u>	<u>10</u>
TOTAL	\$ <u>205,674,519</u>	\$ <u>410,194,890</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

APPROVED BY CNH CAPITAL CANADA RECEIVABLES TRUST,
by its Administrator,
CNH CAPITAL CANADA LTD.



Steve Bierman
President



Robert Keating
Controller

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND UNDISTRIBUTED INCOME FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

	2008	2007
Interest income	\$ <u>22,204,269</u>	\$ <u>43,551,238</u>
Interest expense (Note 8)	22,197,402	43,540,938
Other expenses (Note 8)	<u>4,667</u>	<u>7,000</u>
Total expenses	<u>22,202,069</u>	<u>43,547,938</u>
Net income and comprehensive income for the year	2,200	3,300
Undistributed income, beginning of year	--	--
Distributions to beneficiary	<u>(2,200)</u>	<u>(3,300)</u>
Undistributed income, end of year	\$ <u>-----</u>	\$ <u>-----</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

	2008	2007
OPERATING ACTIVITIES:		
Net income for the year	\$ 2,200	\$ 3,300
Adjustments:		
Decrease in accrued interest receivable	2,271,417	2,828,736
Decrease in deposits and other accrued liabilities	(291,004)	(514,022)
Decrease in accrued interest payable	(2,061,262)	(3,200,566)
Change in derivative assets and liabilities	<u>4,429,409</u>	<u>429,966</u>
Cash from (used in) operating activities	<u>4,350,760</u>	<u>(452,586)</u>
INVESTING ACTIVITIES:		
Proceeds from sales of receivables	18,759,206	20,033,717
Collections of receivables	165,432,042	326,123,956
Decrease in restricted cash and cash equivalents	<u>17,921,137</u>	<u>39,530,427</u>
Cash from investing activities	<u>202,112,385</u>	<u>385,688,100</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of notes and loans	128,020,720	306,280,947
Payment of notes and loans	(323,099,409)	(675,983,084)
Decrease in residual purchase price payable	(11,382,256)	(15,530,077)
Distributions to beneficiary	<u>(2,200)</u>	<u>(3,300)</u>
Cash (used in) financing activities	<u>(206,463,145)</u>	<u>(385,235,514)</u>
NET CHANGE IN CASH	<u> --</u>	<u> --</u>
CASH, BEGINNING AND END OF YEAR	\$ <u> --</u>	\$ <u> --</u>
CASH PAID DURING THE YEAR FOR INTEREST	\$ <u>24,258,664</u>	\$ <u>46,369,674</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 1: FORMATION OF TRUST AND NATURE OF OPERATIONS

CNH Capital Canada Receivables Trust (the “Trust”) was established by The Canada Trust Company (formerly TD Trust Company), as Issuer Trustee, under the laws of the Province of Ontario by Declaration of Trust dated September 11, 2000. BNY Trust Company of Canada is the Indenture Trustee.

The Trust’s activities are limited to the acquisition and administration of retail installment contracts (the “Purchased Assets”) from CNH Capital Canada Ltd. (“CNH Capital Canada”) and financing these purchases through the issuance of asset-backed notes and loans (the “Notes”) and subordinated loans. The beneficiaries of the Trust, after the payment of all obligations, are one or more designated charitable organizations.

CNH Capital Canada acts as the initial servicer and the collection agent for the Trust. Collections from the underlying assets are remitted to the Trust’s deposit account within two business days after receipt. The Trust has entered into an agreement with CNH Capital Canada as Administrator. The Administrator’s responsibilities include the day-to-day administration and operations of the Trust, structuring and managing portfolio purchases and monitoring the portfolios. Unless otherwise noted, defined terms within these financial statements are consistent with those of the offering documents pursuant to the Notes issued by the Trust. The Administrator has prepared these financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The significant accounting policies used in the preparation of these financial statements are as follows.

Significant Accounting Changes

Changes in accounting policies – Adopted in Fiscal 2008

On January 1, 2008, the Trust adopted three new accounting standards that were issued by the CICA: Section 1535, “Capital Disclosures” (“Section 1535”); Section 3862, “Financial Instruments – Disclosures” (“Section 3862”); and Section 3863, “Financial Instruments – Presentation” (“Section 3863”). These new standards have been applied prospectively.

Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of Section 1535 had no impact on the Trust’s disclosures as the Trust has nominal capital.

Sections 3862 and 3863 replace Section 3861, “Financial Instruments – Disclosure and Presentation” (“Section 3861”) revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The expanded disclosures are included in Note 7.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Changes (continued)

Changes in accounting policies – Adopted in Fiscal 2007

On January 1, 2007, the Trust adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants (“CICA”): Section 1530, “Comprehensive Income” (“Section 1530”); Section 3855, “Financial Instruments – Recognition and Measurement” (“Section 3855”); Section 3861, “Financial Instruments – Disclosure and Presentation” (“Section 3861”); and Section 3865, “Hedges” (“Section 3865”). The Trust adopted these standards retroactively without restatement; accordingly, comparative amounts were not restated.

Section 1530 introduces Comprehensive Income (“CI”), which consists of Net Income and Other Comprehensive Income (“OCI”). CI represents changes in net assets during a period arising from transactions and other events with non-owner sources. There were no transactions resulting in OCI for the years ended December 31, 2008 and 2007.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that all financial assets and liabilities be recognized on the Statements of Net Assets when the Trust becomes a party to the contractual provisions of the financial instrument. Under Section 3855, all financial assets and financial liabilities are initially recognized at fair value. Subsequent measurement depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

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Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied as well as the accounting for each of the permitted hedging strategies. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, when the derivative is terminated or sold, or upon the sale or early termination of the hedged item.

Effective January 1, 2007, the Trust classified all of its financial assets as loans and receivables with the exception of cash, which has been classified as held-for-trading by its nature, and all of its financial liabilities as other financial liabilities. Financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. The Trust has adopted a policy under the new standard of expensing all transaction costs as incurred. Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Trust receives or delivers the asset. The Trust has reviewed contracts entered into or modified subsequent to January 1, 2003 and determined that the Trust does not currently have any significant embedded derivatives in these contracts that require separate accounting and disclosure. There were no transition adjustments resulting in an adjustment to accumulated other comprehensive income as at January 1, 2007.

Future accounting changes - Transition to International Financial Reporting Standards (“IFRS”)

The CICA Accounting Standards Board has confirmed January 1, 2011, as the date that IFRS will replace Canadian GAAP for publicly accountable enterprises. Management is currently evaluating the impact of this change and is developing an IFRS conversion plan for the Trust.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in the Preparation of Financial Statements

In preparing these financial statements in accordance with Canadian GAAP, management makes estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant estimates relate to the valuation of financial instruments and the estimation of credit losses on retail note and finance lease contracts receivable. Actual results could differ from those estimates.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are comprised of cash and highly liquid investments with an original maturity of three months or less. Restricted cash and cash equivalents are classified as held-for-trading by their nature and are recorded at fair value on the Statements of Net Assets. Changes in fair value are recorded in Interest income.

Investment in Retail Note and Finance Lease Contracts

Investment in retail note and finance lease contracts is classified as loans and receivables and carried at amortized cost. Interest income is recognized using the effective interest method. If the value of these receivables suffers a decline in value that is other than temporary, the carrying value is appropriately reduced to fair value and an impairment charge is recognized in income. Investment in retail note and finance lease contracts is reduced monthly as scheduled principal payments, prepayments and interest are received by CNH Capital Canada, as Servicer, and remitted to the Trust. Credit losses, which are determined monthly by CNH Capital Canada in accordance with specified criteria, are recorded as a reduction of the residual purchase price payable to CNH Capital Canada.

Residual Purchase Price Payable

A portion of the residual purchase price payable balance represents a deferred purchase price amount which will be remitted to CNH Capital Canada once the related series of Notes and loans payable has been fully repaid. Prior to such time, cash in excess of that necessary to pay other costs and in excess of that necessary to maintain the cash accumulation account ("Spread Account") at a specified level are remitted to CNH Capital Canada on a monthly basis and recorded as "Interest expense" in the accompanying statements of operations, comprehensive income and undistributed income. These excess receipts represent additional residual purchase price payable to CNH Capital Canada.

Income Taxes

The Trust is subject to federal and provincial income tax under the *Income Tax Act* (Canada) on the amount of its taxable income for the year and is permitted a deduction in computing its income taxes for all amounts paid or payable to the Trust's beneficiaries in determining income for tax purposes. No provision for income taxes has been reflected in these financial statements as the entire net income of the Trust for the year is paid to the beneficiaries.

Other Expenses

Other expenses represent administration fees and are recorded on an accrual basis.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents include cash accumulated in the Collections Account and maintained in the Spread Account. At December 31, 2008 and 2007, these amounts are invested in short-term deposits with a financial institution at an average rate of 2.037% and 2.429%, respectively, with maturities on or before January 16, 2009 and January 16, 2008, respectively. Cash is restricted and is used to meet debt and interest payments as well as Spread Account requirements.

NOTE 4: ACCRUED INTEREST RECEIVABLE

Accrued interest receivable represents the interest income earned and not yet received by the Trust related to the short-term deposits and the retail notes and finance lease contracts.

NOTE 5: INVESTMENT IN RETAIL NOTE AND FINANCE LEASE CONTRACTS

The retail note and finance lease contracts are pledged as collateral for the notes and loans payable. All retail note and finance lease contracts bear interest at fixed rates. At December 31, 2008 and 2007, the weighted-average contractual interest rates on these contracts were 5.24% and 5.05%, respectively, and the fair value of the fixed rate lease receivables is \$166,115,876 (December 31, 2007 - \$331,515,518) calculated on a discounted cash flow basis.

As at December 31, 2008, the maturities of the retail note and finance lease contracts, assuming no prepayments, are as follows:

Year ending December 31	Amount
2009	\$ 77,516,034
2010	58,471,585
2011	29,190,822
2012	4,334,829
2013	<u>33,745</u>
	\$ <u>169,547,015</u>

It has been CNH Capital Canada's experience that substantial portions of retail note and finance lease contracts are repaid before their contractual maturity dates. As a result, the above table should not be regarded as a forecast of future cash collections.

Concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that may cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2008 and 2007, all of the Trust's investment in retail note and finance lease contracts represents exposure to the agricultural and construction industries.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 5: INVESTMENT IN RETAIL NOTE AND FINANCE LEASE CONTRACTS (continued)

CNH Capital Canada provides credit support to the Trust for receivables that become uncollectible to a specified limit. The credit support is in the form of the residual purchase price payable and the Spread Account, which is funded at the inception of a transaction by a subordinated loan from CNH Capital Canada. The Spread Account must be maintained at a specified level representing a percentage of outstanding retail note and finance lease contracts each period. The Spread Account balance was \$21,091,931 and \$30,336,332 as of December 31, 2008 and 2007, respectively, and is included in Restricted cash and cash equivalents. During the year ended December 31, 2008, credit losses amounting to \$1,711,720 (2007 - \$2,166,481) were written off against the residual purchase price payable.

NOTE 6: NOTES PAYABLE AND LOANS PAYABLE

The Notes and loans payable are collateralized by fixed rate retail installment sale contracts and finance leases secured by new or used agricultural or construction equipment. The Notes and loans bear interest at both fixed and floating rates as determined at issuance. The payment of principal and interest on the Notes and loans payable is distributed in accordance with the prioritization outlined in the Sales and Servicing Agreement for each transaction based on total collections received. As a result, payments of principal on the Notes and loans payable will vary with the amount of collections and losses, which may reduce the principal to zero prior to the scheduled maturity date.

As at December 31, 2008, the Notes payable consist of the following:

Notes Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2005-1 Class B fixed notes	\$ 9,000,000	5.078%	May 15, 2013
2006-1 Class B fixed notes	<u>12,375,000</u>	4.720%	May 15, 2014
	\$ <u>21,375,000</u>		

As at December 31, 2007, the Notes payable consist of the following:

Notes Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2004-1 Class B fixed notes	\$ 11,060,000	4.918%	May 15, 2012
2005-1 Class B fixed notes	9,000,000	5.078%	May 15, 2013
2006-1 Class A-2 fixed notes	154,000,000	4.306%	May 15, 2014
2006-1 Class B fixed notes	<u>12,375,000</u>	4.720%	May 15, 2014
	\$ <u>186,435,000</u>		

In May 2008, the 2004-1 Class B fixed notes were repaid when CNH Capital Canada exercised a clean-up call. In November 2008, the 2006-1 Class A-2 fixed notes were repaid. This repayment was financed through the issuance of 2006-1 Class VPN-3 variable loans.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 6: NOTES PAYABLE AND LOANS PAYABLE (continued)

As at December 31, 2008, the loans payable consist of the following:

Loans Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2005-1 Class VPN-3 loan	\$ 36,170,276	2.833%	May 15, 2013
2005-1 Subordinated loan	8,702,119	15.000%	May 15, 2013
2006-1 Class VPN-3 loan	120,663,626	3.496%	May 15, 2014
2006-1 Subordinated loan	<u>12,375,000</u>	15.000%	May 15, 2014
	\$ <u>177,911,021</u>		

As at December 31, 2007, the loans payable consist of the following:

Loans Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2004-1 Class A-3 variable loan	\$ 25,395,052	5.099%	May 15, 2012
2004-1 Subordinated loan	9,198,110	15.000%	May 15, 2012
2005-1 Class VPN-3 loan	82,693,474	4.983%	May 15, 2013
2005-1 Subordinated loan	8,702,119	15.000%	May 15, 2013
2006-1 Class VPN-2 loan	69,565,955	4.869%	May 15, 2014
2006-1 Subordinated loan	<u>12,375,000</u>	15.000%	May 15, 2014
	\$ <u>207,929,710</u>		

In May 2008, the 2004-1 Class A-3 variable loan and the 2004-1 Subordinated loan were repaid when CNH Capital Canada exercised a clean-up call.

The Class A-loans are uncommitted loan agreements with a Canadian asset-backed commercial paper conduit used to partially fund the acquisition of the Purchased Assets. The Trust has been structured to provide investors in the Class A and B notes with bullet payments on their respective maturity dates, while investors in the variable loans will receive payments that amortize on a monthly basis concurrent with the principal collections activity on the underlying Purchased Assets. On each respective maturity date for the Notes, the Trust will use best efforts to obtain additional loans to effect payment on the maturing Notes. As of December 31, 2008 and 2007, the Trust had \$156,833,902 and \$177,654,481 outstanding under the loan agreements at a weighted-average rate of 3.343% and 4.960%, respectively. In addition, loans payable included \$21,077,119 and \$30,275,229 of subordinated loans issued to CNH Capital Canada as of December 31, 2008 and 2007, respectively. These loans are subordinated to the other Notes and loans payable issued by the Trust and the payment of principal and interest on the subordinated loans is contingent upon the maintenance of the specified level of funding in the Spread Account

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 6: NOTES PAYABLE AND LOANS PAYABLE (continued)

As at December 31, 2008, the maturities of the notes and loans payable, assuming no prepayments, are as follows:

Year Ending December 31	Amount
2009	\$ 91,075,535
2010	68,702,705
2011	34,360,764
2012	5,107,254
2013	<u>39,763</u>
	\$ <u>199,286,021</u>

It has been CNH Capital Canada's experience that substantial portions of retail note and finance lease contracts are repaid before their contractual maturity dates. As a result, the maturities of the related notes and loans payable in the above table should not be regarded as a forecast of future repayments.

The fair values of the notes and loans payable as at December 31, 2008 were approximately \$199,312,871 (2007 - \$394,170,638).

NOTE 7: RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Market Risk

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

Interest rate risk refers to the risk that the fair value or income and future cash flows of a financial instrument will vary as a result of changes in market interest rates. The Trust is exposed to the risk that the market rate of interest it will pay on its variable rate notes and loans in the future could be different than the fixed rate of interest it receives on its investment in retail note and finance lease contracts. To mitigate this risk the Trust has entered into interest rate swap contracts. The notional amounts of the swaps are equal to the outstanding principal balance on the Trust's variable rate notes and loans. The Trust is obligated to pay a fixed interest rate per annum on the notional amount and will receive a floating interest rate equal to the Bankers' Acceptance rate plus a specified percentage in excess of the Banker's Acceptance rate, which is the basis for determining the amount of interest due on the outstanding loans. The amount the Trust is obligated to pay to the counterparties will be netted against the amount the counterparties is obligated to pay the Trust. Only the net amount on each contract will be due from the Trust or the counterparties. Upon exercise of a clean-up call, termination of the interest rate swaps could occur prior to the monthly payment date when all Notes and loans have been fully repaid and cancelled. The Trust recorded a derivative asset which represents the fair value of the interest rate swaps as of December 31, 2008. The gains and losses arising from the derivative asset are recorded in "Interest expense" in the periods in which they arise.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 7: RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk (continued)

The Trust is not exposed to losses from foreign exchange rates, equity or commodity prices. All of the Trust's transactions are denominated in Canadian dollars and the Trust does not invest in equities or commodities.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations and may arise directly from claims against a debtor or obligor, an issuer of securities or indirectly from claims against a guarantor of credit obligation. The Trust is exposed to credit-related losses in the event of non-performance by the counterparties. The Trust's exposure is limited to the fair values of interest rate swaps with unrealized gains. The Trust does not expect the counterparties to fail to meet their obligations given their high credit ratings. As at December 31, 2008, the credit ratings of the counterparties are Aa1 and higher.

The Trust's investment in Purchased Assets results in significant concentrations of credit risk in the agricultural and construction industries. Numerous factors can affect the future performance of the Trust. These factors include the general level of activity in the agricultural and construction industries, the rate of North American agricultural production and demand, weather conditions, commodity prices, consumer confidence, government subsidies for the agricultural sector and prevailing levels of constructions (especially housing starts). The Trust manages this risk through the subordinated loans and the residual purchase price payable, which provide the Trust with overcollateralization designed to minimize its credit risk.

As at December 31, 2008, the portfolio of the retail note and finance lease contracts by annual yield and by industry is as follows:

APR Range	Agriculture	Construction	Total Portfolio
0.00% – 2.99%	\$ 35,203,958	\$ 8,410,833	\$ 43,614,791
3.00% – 5.99%	40,801,245	11,165,503	51,966,748
6.00% – 8.99%	51,748,746	8,725,517	60,474,263
9.00% – 11.99%	7,601,875	4,975,278	12,577,153
12.00% – 17.99%	<u>43,191</u>	<u>870,869</u>	<u>914,060</u>
	\$ <u>135,399,015</u>	\$ <u>34,148,000</u>	\$ <u>169,547,015</u>

The fair values of investment in retail note and finance lease contracts as at December 31, 2008 and 2007 were \$166,115,876 and \$331,515,518, respectively. These values were determined by discounting the contracts' future cash flows at current market rates. The fair values of the Notes and loans payable as at December 31, 2008 and 2007 were approximately \$199,312,871 and \$394,170,638, respectively. The carrying values of all other financial instruments approximate their fair values.

During the year ended December 31, 2008, credit losses amounting to \$1,711,720 (2007 - \$2,166,481) were written off against the residual purchase price payable, which represents 1.01% (2007 - 0.61%) of the Trust's portfolio as at December 31, 2008. The principal balance of accounts greater than 30 days delinquent was \$2,196,992 (2007 - \$2,609,417) at December 31, 2008, which represented 1.30% (2007 - 0.74%) of the Trust's portfolio.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 7: RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity and funding risk is the risk that the Trust may be unable to generate or obtain sufficient cash or its equivalents in a timely and cost effective manner to meet its commitments as they come due.

The current worldwide financial and credit crisis has had a material impact on the asset-backed securitization market. While the Trust has issued additional VPN loans to meet its debt obligations, there can be no assurance that the Trust will be able to access these sources of financing in the future. If the Trust is unable to access additional VPN loans, the noteholders would be paid as collections were received.

The Trust's restricted cash and cash equivalents balance totaled \$34,086,736 as of December 31, 2008. The Trust's borrowings are comprised of interest-bearing Notes and loans secured by the underlying Purchased Assets. The balance of the outstanding Notes and loans was \$199,286,021 as of December 31, 2008. Interest on the Notes and loans is payable monthly, in arrears on the 15th day of the following month. The cash flows from the Trust's investment in retail notes and finance lease contracts and cash account are expected to provide sufficient liquidity for the repayment of the Trust's borrowings and the interest expense on those borrowings.

Derivatives

The Trust enters into interest rate swap contracts with approved creditworthy counterparties to manage the Trust's current and anticipated exposure to interest rate risks. The Trust does not enter into interest rate swap contracts for trading or speculative purposes. The Trust's interest rate swaps were not designated in effective hedging relationships for accounting purposes as outlined under CICA Handbook Section 3865 and accordingly are recorded at fair value with the changes in fair value recognized in earnings in the period in which they occur.

At December 31, 2008 and 2007, the notional amounts of interest rate swaps outstanding were \$156,833,902 and \$177,654,481, respectively. At December 31, 2008 and 2007, the weighted-average fixed rates payable were 4.144% and 4.154%, respectively, and the weighted-average variable rates receivable were 1.703% and 4.674%, respectively. The maturity dates range between October 2009 and September 2010. The fair value of these instruments as of December 31, 2008 and 2007 were liabilities of \$4,292,840 and assets of \$136,569, respectively. The change in fair value during the year ended December 31, 2008 was a loss of \$4,429,409 (2007 – a loss of \$282,209). Due to the structure of the Trust any gains or losses relating to interest rate swap agreements, including the amortization of the transitional deferred loss, are attributable to CNH Capital Canada and, as such, a net offsetting adjustment has been made to interest expense and residual purchase price payable for these amounts. The gains and losses arising from the derivative assets and liabilities and the related offsetting adjustment to the residual purchase price payable are recorded in Interest expense in the periods in which they arise.

CNH CAPITAL CANADA RECEIVABLES TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007 (In Canadian Dollars)

NOTE 7: RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Fair Values of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Trust determines fair value using available market information or other appropriate valuation methodologies such as discounted cash flow analysis. Fair values using valuation models require the use of assumptions concerning the amount and timing of estimated cash flows and discount rates. In determining those assumptions, the Trust looks primarily to external observable market inputs including factors such as interest yield curves and price or rate volatilities as applicable. The fair value of interest rate swaps is estimated based on discounted expected cash flows using quoted market interest rates. Considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The Administrator is not aware of any factors that would significantly affect the fair value estimates contained within these financial statements.

NOTE 8: RELATED PARTIES

For the years ended December 31, 2008 and 2007, the Trust's related party transactions are as follows:

	2008	2007
Interest expense	\$ 9,177,519	\$ 16,757,082
Other expenses	\$ 4,667	\$ 7,000

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total interest expense on the statements of operations, comprehensive income and undistributed income includes amounts paid to CNH Capital Canada for interest on the subordinated loans, residual purchase price payments, and any gains or losses relating to interest rate swap agreements, including amortization of the transitional deferred loss, distributed or expensed back to CNH Capital Canada as an adjustment to the residual purchase price payable pursuant to the terms of the agreements. Other expenses represent the administration fee paid to CNH Capital Canada.

As at December 31, 2008 and 2007, the amounts due to CNH Capital Canada with respect to the residual purchase price payable were \$1,119,443 and \$12,501,699, respectively.