

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011, 2010 and 2009 (currencies in millions)

At December 31, 2010	LEVEL 1	LEVEL 2	TOTAL
Assets:			
Marketable debt securities			
U.S. tax-exempt securities		\$365.4	\$365.4
U.S. corporate securities		27.6	27.6
U.S. government and agency securities	\$2.7		2.7
Non-U.S. corporate securities		37.0	37.0
Other debt securities		17.8	17.8
Total marketable debt securities	\$2.7	\$447.8	\$450.5
Derivatives			
Interest-rate swaps		\$ 5.8	\$ 5.8
Cross currency swaps		3.3	3.3
Foreign-exchange contracts		1.0	1.0
Total derivative assets		\$ 10.1	\$ 10.1
Liabilities:			
Derivatives			
Cross currency swaps		\$ 73.8	\$ 73.8
Interest-rate swaps		37.2	37.2
Foreign-exchange contracts		1.6	1.6
Total derivative liabilities		\$112.6	\$112.6

The Company used the following methods and assumptions to determine the fair value of financial instruments that are not recognized at fair value as described below.

Cash and Cash Equivalents: Carrying amounts approximate fair value.

Financial Services Net Receivables: For floating-rate loans, wholesale financings, and interest and other receivables, fair values approximate carrying values. For fixed-rate loans, fair values are estimated using discounted cash flow analysis based on current rates for comparable loans. Finance lease receivables and related allowance for credit losses provisions have been excluded from the accompanying table.

Debt: The carrying amounts of financial services commercial paper, variable-rate bank loans and variable-rate term notes approximate fair value. For fixed-rate debt, fair values are estimated using discounted cash flow analysis based on current rates for comparable debt.

Trade Receivables and Payables: Carrying amounts approximate fair value.

Fixed-rate loans and debt that are not carried at approximate fair value are as follows:

At December 31,	2011		2010	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Assets:				
Financial Services fixed-rate loans	\$ 2,740.1	\$ 2,776.1	\$ 2,444.1	\$ 2,483.3
Liabilities:				
Truck and Other fixed-rate debt	\$ 150.0	\$ 167.6	\$ 173.5	\$ 196.9
Financial Services fixed-rate debt	\$ 1,958.6	\$ 2,021.1	\$ 1,870.7	\$ 1,967.9