

**IN THE MATTER OF THE
SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,
NEWFOUNDLAND, NOVA SCOTIA, ONTARIO, PRINCE EDWARD ISLAND,
QUEBEC, AND SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CATERPILLAR FINANCIAL SERVICES CORPORATION
AND CATERPILLAR FINANCIAL SERVICES LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Caterpillar Financial Services Corporation ("Caterpillar Financial") and its subsidiary Caterpillar Financial Services Limited (the "Issuer", and together with Caterpillar Financial, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

- (a) that, under National Instrument 44-101 ("NI 44-101") and National Instrument 44-102, a credit supporter be a reporting issuer with a 12-month reporting history in a jurisdiction (the "Eligibility Requirement") in connection with the issuance by the Issuer of non-convertible debt securities (the "Notes") with an Approved Rating (as such term is defined in NI 44-101) which will be fully and unconditionally guaranteed by Caterpillar Financial;
- (b) that, under NI 44-101, the financial statements of Caterpillar Financial that are included in a short form prospectus of the Issuer and are prepared in accordance with US generally accepted accounting principles be reconciled to Canadian generally accepted accounting principles (the "GAAP Reconciliation Requirement");
- (c) that,
 - (i) the Issuer file with the Decision Makers and send to its shareholders audited annual financial statements and an annual

report, where applicable (the "Annual Financial Statement Requirements");

(ii) the Issuer file with the Decision Makers and send to its shareholders unaudited interim financial statements (the "Interim Financial Statement Requirements");

(iii) the Issuer issue and file with the Decision Makers press releases and file with the Decision Makers material change reports (together, the "Material Change Requirements"); and

(iv) the Issuer comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof (the "Proxy Requirements");

(d) that, in Ontario, Quebec and Saskatchewan, the Issuer file with the applicable Decision Maker an annual information form, and, where applicable, interim and annual management discussion and analysis (collectively the "Annual Information Form Requirement");

shall not apply;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Caterpillar Financial was incorporated under the laws of the State of Delaware in 1981 and is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. Caterpillar Financial has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act") since 1994 with respect to its debt securities. Caterpillar Financial has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under sections 13 and 15(d) of the 1934 Act since it first became a reporting company.

3. As at December 31, 2000, Caterpillar Financial had approximately US\$8.307 billion in notes and debentures outstanding. All of Caterpillar Financial's outstanding long-term debt is rated "A+" by Standard & Poor's and "A2" by Moody's Investors Service.

4. The common stock in the capital of Caterpillar Financial is owned by Caterpillar Inc. ("Caterpillar"), a publicly owned Delaware corporation.

5. Caterpillar Financial provides retail financing choices to customers of Caterpillar and its subsidiaries and to dealers world-wide for Caterpillar and non-competitive related equipment.

Caterpillar Financial also provides wholesale financing to Caterpillar dealers and purchases short-term dealer receivables from Caterpillar. Caterpillar Financial's net portfolio balance at December 31, 2000 was US\$13.380 billion and its net profit for the year ended December 31, 2000 was US\$159 million.

6. The registered and principal office of the Issuer is in Ontario.

7. The Issuer was incorporated under the *Business Corporations Act* (Ontario) on December 12, 1985, and is an indirectly wholly-owned subsidiary of Caterpillar Financial.

8. The Issuer is a wholly-owned finance subsidiary of Caterpillar Financial Nova Scotia Corporation ("Caterpillar Nova Scotia"). Caterpillar Nova Scotia is an unlimited liability company that is a wholly-owned subsidiary of Caterpillar Financial. Caterpillar Financial has no present intention of commencing any operations out of Caterpillar Nova Scotia or to sell any of its interest in the shares of Caterpillar Nova Scotia. The Issuer provides retail and wholesale financing of Caterpillar earthmoving, construction, and materials handling machinery, compact construction equipment and engines sold in Canada. The equipment financed or used as collateral is generally insured against physical damage.

9. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions. As a result of its filing a short form shelf prospectus in each of the Jurisdictions to establish the Offering, the Issuer will become a reporting issuer or the equivalent in each Jurisdiction which imposes such a concept.

10. Caterpillar Financial satisfies all the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS") (as set out in NI 71-101) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

11. Except for the fact that the Issuer is not incorporated under United States law, the Offering (as defined below) would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.

12. The Issuer does not satisfy the alternative qualification criteria for issuers of guaranteed non-convertible debt securities, as set out in section 2.5 of NI 44-101, solely because Caterpillar Financial (as guarantor of the Offering) is not a reporting issuer in any jurisdiction.

13. The issuer proposes to establish a program to raise up to approximately CDN\$750 million in Canada (the "Offering") through its issuance of Notes from time to time over a two-year period.

14. The Notes will be fully and unconditionally guaranteed by Caterpillar Financial as to payment of principal, interest and all other amounts due thereunder within 15 days of failure by the Issuer to make any such payment. All Notes will have an Approved Rating (as defined in NI 44-101).

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the securities regulatory authority or securities regulator in each of Ontario, Québec and Saskatchewan is that the Annual Information Form Requirement shall not apply to the Issuer, so long as the Issuer and Caterpillar Financial comply with all of the requirements of each of the two Decisions below.

DATED June 8, 2001

"Iva Vranic"

Iva Vranic

Manager, Corporate Finance Branch

THE DECISION of the Decision Makers under the Legislation is that the Eligibility Requirement and the GAAP Reconciliation Requirement shall not apply to the Offering so long as:

(a) The Issuer complies with all of the other requirements of NI 44-101, except as varied in paragraph (c) below;

(b) prior to the filing of a preliminary short form prospectus for the Offering (the "Prospectus");

(i) Caterpillar Financial files with the Decision Makers an AIF in the form of an annual report on Form 10-K ("Caterpillar Financial's AIF") for the fiscal year ended December 31, 2000, in electronic format through SEDAR (as defined in National Instrument 13-101) under the Issuer's SEDAR profile, and

(ii) Caterpillar Financial files with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the documents that Caterpillar Financial has filed under sections 13 and 15(d) of the 1934 Act since its last fiscal year-end being, as of the date hereof, Caterpillar Financial's 2000 annual report on Form 10-K, its quarterly report on Form 10-Q for the period ended March 31, 2001 and two Form 8-Ks dated May 8, 2001 and May 15, 2001, respectively;

(c) the Prospectus is prepared pursuant to the procedures contained in NI 44-101 and complies with the requirements set out in Form 44-101F3, with the disclosure required by item 12 of Form 44-101F3 being addressed by incorporating by

reference Caterpillar Financial's public disclosure documents as well as Caterpillar Financial's AIF, with the summary financial information disclosure required by item 13.1(1)2 in respect of the Issuer being made in the manner specified in paragraph (i) of the Further Decision below and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to Caterpillar Financial in accordance with United States requirements;

(d) the Prospectus includes all material disclosure concerning the Issuer;

(e) the Prospectus incorporates by reference disclosure made in Caterpillar Financial's most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of Caterpillar Financial's most recently filed Form 10-K and incorporates by reference any documents of the foregoing type filed after the date of the Prospectus and prior to termination of the Offering and states that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;

(f) Caterpillar Financial continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes;

(g) the Notes have an Approved Rating (as defined in NI 44-101);

(h) Caterpillar Financial signs the prospectus as credit support and promoter;

(i) Caterpillar Financial remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;

(j) Caterpillar Financial continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; and

(k) Caterpillar Financial undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding.

DATED June 8, 2001

"Iva Vranic"

Iva Vranic,
Manager, Corporate Finance Branch

THE FURTHER DECISION of the Decision Makers under the Legislation is that the Annual Financial Statement Requirements, the Interim Financial Statement Requirements, the Material Change Requirements and the Proxy Requirements (collectively, the "Continuous Disclosure Requirements") shall not apply to the Issuer, so long as:

1. Caterpillar Financial files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of all documents filed by it with the SEC under sections 13 and 15(d) of the 1934 Act, within one business day of filing with the SEC including, but not limited to, copies of any Form 10-K, Form 10-Q and Form 8-K (including press releases);

(b) the documents referred to in paragraph (a) above are provided to debt security holders whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and only if required by applicable United States law;

(c) Caterpillar Financial remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the issuer;

(d) Caterpillar Financial maintains a class of securities registered pursuant to section 12 of the 1934 Act;

(e) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of Caterpillar Financial, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of Caterpillar Financial;

(f) Caterpillar Financial continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes;

(g) the Issuer does not issue additional securities other than the Notes (or any other series of the Notes which hereinafter may be issued), debt securities ranking *pari passu* to the Notes, any debentures issued in connection with the security granted by the Issuer to the holders of Notes or debt ranking *pari passu* with the Notes, and those securities currently issued and outstanding, other than to Caterpillar Financial or to wholly owned subsidiaries of Caterpillar Financial;

(h) if Notes of another series or debt securities ranking *pari passu* with the Notes are hereinafter issued by the Issuer, Caterpillar Financial shall fully and unconditionally guarantee such Notes or debt securities as to the payments required to be made by the Issuer to holders of such Notes or debt securities;

(i) the Issuer files, in electronic format, annual comparative selected financial information derived from the Issuer's audited consolidated financial statements for its most recently completed financial year and the financial year immediately preceding such financial year, prepared in accordance with generally accepted

accounting principles in Canada ("Canadian GAAP"), accompanied by a specified procedures report of the auditors to the Issuer. The Issuer's annual comparative selected financial information shall define and include the following line items:

- (i) total revenues;
- (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
- (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
- (iv) total assets;
- (v) commercial paper;
- (vi) term debt;
- (vii) all other liabilities; and
- (viii) total shareholders' equity;

(j) the Issuer files, in electronic format, interim comparative selected financial information derived from its the Issuer's consolidated financial statements for its most recently completed interim period and the corresponding interim period in the previous financial year, prepared in accordance with Canadian GAAP. The Issuer's interim comparative selected financial information shall define and include the following line items:

- (i) total revenues;
- (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
- (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
- (iv) total assets;
- (v) commercial paper;
- (vi) term debt;
- (vii) all other liabilities; and

(viii) total shareholders' equity;

(k) such filings as are referred to in (i) and (j) above are to be made within the time limits required by the Legislation in respect of such financial information, provided that the first filing to be made by the Issuer under clause (j) shall be in respect of the first quarter ending February 28, 2001 and the first filing to be made by the Issuer under clause (i) shall be in respect to the financial year ended November 30, 2000; and

(l) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements are paid.

DATED June 8, 2001

"J.A. Geller"
J.A. Geller

"R. Stephen Paddon"
R. Stephen Paddon