

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
TEXTRON FINANCIAL CORPORATION
AND TEXTRON FINANCIAL CANADA FUNDING CORP.

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 Textron Financial Corporation ("TFC") and its subsidiary Textron Financial Canada Funding Corp. (the "Issuer", and together with TFC, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in section 3.2(b) of National Instrument 71-101 – The Multijurisdictional Disclosure System ("NI 71-101") that the Issuer be a "U.S. issuer" (as defined in NI 71-101) shall not apply to the Issuer so that it is eligible to offer certain securities under NI 71-101;

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

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

1. TFC was incorporated under the laws of the State of Delaware on February 5, 1962 and is not a reporting issuer or the equivalent in any of the Jurisdictions.
2. TFC has been a reporting company under the *United States Securities Exchange Act of 1934*, as amended (the "1934 Act") since 1999 with respect to its debt securities. TFC 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 30, 2000, TFC had approximately US\$3.7 billion in long term debt and

US\$966 million in commercial paper and short term debt outstanding. All of TFC'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 TFC is owned by Textron Inc. ("Textron"), a publicly owned Delaware corporation. TFC derives a portion of its business from financing the sale and lease of products manufactured and sold by Textron.

5. TFC is a diversified commercial finance company with operations in four core segments: small business, middle markets, specialty finance and structured capital.

6. TFC's total assets as at December 30, 2000 were approximately US\$6.1 billion and its net profit for the year ended December 30, 2000 was US\$118 million.

7. The registered and principal office of the Issuer is in Nova Scotia.

8. The Issuer was incorporated under the *Companies Act* (Nova Scotia) as an unlimited liability company on October 31, 2000, and is a wholly-owned subsidiary of TFC.

9. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions or a reporting company under the 1934 Act.

10. The Issuer is a financing subsidiary of TFC with no operations, revenues or cash flows other than those related to the issuance, administration and repayment of debt securities that are and will be fully and unconditionally guaranteed by TFC.

11. The Issuer's business activities are limited to financing the business activities of Textron Financial Canada Limited, TFC's Canadian based operating subsidiary and it will have no other operations.

12. TFC satisfies all the criteria set out in paragraph 3.1(a) of NI 71-101 (the "General Eligibility Criteria") and is eligible to use the multi-jurisdictional disclosure system 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.

13. TFC may issue non-convertible debt securities on a continuous basis in the United States and Canada and the Issuer may issue non-convertible debt securities, which will be fully and unconditionally guaranteed by TFC (the "Notes"), on a continuous basis in Canada and in the United States;

14. The offering by the Issuer of the Notes in Canada (the "Canadian Offering") is to be effected under a base shelf prospectus and one or more prospectus supplements (collectively, the "Prospectus") of the Filers, prepared in accordance with U.S. securities laws and filed as part of a registration statement with the SEC under to the *United States Securities Act* of 1933, as amended.

15. For the purposes of the Canadian Offering, the Prospectus will be filed with the Decision

Makers in accordance with the provisions of NI 71-101, which are available to offerings which meet the alternative eligibility criteria for offerings of guaranteed non-convertible debt that have an investment grade rating as set out in paragraph 3.2 of NI 71-101 (the "Alternative Eligibility Criteria").

16. The Canadian Offering complies with the Alternative Eligibility Criteria except for the fact that the Issuer is not incorporated under United States law.

17. An application will be made by the Issuer requesting relief from certain continuous disclosure obligations of the Issuer.

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 Decision Makers under the Legislation is that the requirement in section 3.2(b) of NI 71-101 that the Issuer be a "U.S. issuer" (as defined in NI 71-101) shall not apply to the Issuer in connection with the offering of the Notes under the Canadian Offering, provided that at the time of the Canadian Offering:

- (a) TFC satisfies the General Eligibility Criteria;
- (b) the Issuer complies with all of the filing requirements and procedures set out in NI 71-101, except as varied by the Decision; and
- (c) TFC remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer.

November 8, 2001

J.W. Slattery, C.A.
Deputy Director, Corporate Finance
and Administration