

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, ONTARIO,
Quebec, AND SASKATCHEWAN**

AND

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

AND

**IN THE MATTER OF
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, Quebec, Nova Scotia, and Newfoundland and Labrador (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 the Legislation that:

- (a) the Issuer file with the Decision Makers and send to its security holders audited annual financial statements and an annual report, where applicable;
- (b) the Issuer file with the Decision Makers and send to its security holders unaudited interim financial statements;
- (c) the Issuer issue and file with the Decision Makers press releases and file with the Decision Makers material change reports;
- (d) the Issuer comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof and, if applicable, sending such documents to applicable securityholders of the Issuer;
- (e) insiders of the Issuer file with the Decision Makers insider reports; and
- (f) 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 "Continuous Disclosure Requirements"),

shall not apply;

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 currently a reporting issuer or the equivalent in 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 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.
8. The registered and principal office of the Issuer is in Nova Scotia.
9. 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.
10. 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.

11. TFC satisfies all the criteria set out in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") (the "General Eligibility Criteria") and is eligible to use the multi-jurisdictional disclosure system ("MJDS") for the purpose of distributing investment grade rating (as defined in NI 71-101) non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

12. 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. The Notes have an investment grade rating (as defined in NI 71-101).

13. The offering by the Issuer of the Notes in Canada (the "Canadian Offering") is to be effected under an MJDS 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 the United States Securities Act of 1933, as amended.

14. For the purposes of the Canadian Offering, a final version of the Prospectus has been filed with the Decision Makers in accordance with the provisions of NI 71-101, which are available for 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") and a decision document was issued on December 4, 2001.

15. The Issuer became a reporting issuer or its equivalent in all of the Jurisdictions and a reporting company under the 1934 Act as a result of filing and receiving a receipt for the Prospectus.

16. The Prospectus discloses that the Filer has filed an application with each of the Decision Makers for an exemption from the Continuous Disclosure Requirements and provides a description on how the Filer proposes to satisfy the Continuous Disclosure Requirements if the exemption is granted.

17. An MRRS Decision Document was issued on November 8, 2001 (the "71-101 Decision") by the Decision Makers providing 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 71-101 Decision; and

(c) TFC remains the direct or indirect beneficial owner of all the issued and outstanding voting securities 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 pursuant to the Legislation is that the Continuous Disclosure Requirements shall not apply to the Issuer for so long as:

- (a) TFC satisfies the Continuous Disclosure Requirements as a "U.S. issuer" in accordance with the provisions of Parts 14 through 18 of NI 71-101;
- (b) TFC maintains a class of securities registered under section 12 of the 1934 Act;
- (c) TFC maintains direct or indirect 100% beneficial ownership of the voting securities of the Issuer;
- (d) TFC continues to fully and unconditionally guarantee the Notes (and any future issuances of debt securities by the Issuer under a prospectus offering) as to payments required to be made by the Issuer to holders of the Notes or such debt securities, as the case may be;
- (e) the Issuer carries on no other business than that set out in paragraphs 9 and 10 of the Decision;
- (f) the Issuer is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of the Issuer that is not also a material change in the affairs of TFC;
- (g) the Issuer does not issue additional securities other than the Notes (or any other series of notes which hereafter may be issued) or debt securities ranking *pari passu* with the Notes;
- (h) if notes of another series or debt securities ranking *pari passu* with the Notes are hereinafter issued by the Issuer, TFC 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; and
- (i) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements are paid.

Dated December 21st, 2001

H. Leslie O'Brien