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February 8, 2011

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act*, s. 88 – *cease to be a reporting issuer in BC* - The issuer's securities are traded only on a market or exchange outside of Canada - The only publicly held securities of the issuer are debt securities; some or all of those debt securities are listed on a foreign exchange; Canadian residents own less than 2% of those debt securities; the issuer does not intend to do a public offering of its securities to Canadian residents; the issuer is subject to the reporting requirements of foreign securities laws; the issuer will provide certain continuous disclosure to the holders of the debt securities as long as the securities are outstanding

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Ontario, Saskatchewan,
Manitoba, Quebec, New Brunswick, Nova Scotia,
Prince Edward Island and Newfoundland and Labrador
(the “Jurisdictions”)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Textron Financial Corporation
(the “Filer”)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the “Decision Maker”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the Filer is not a reporting issuer (the “Exemptive Relief Sought”).

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Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application),

- (a) the Nova Scotia Securities Commission is the principal regulator for the application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

The decision is based on the following facts represented by the Filer:

1. The Filer is a corporation which was incorporated February 5, 1962, under the laws of the state of Delaware.
2. The Filer's head office is located at 40 Westminster Street, Providence, Rhode Island, 02903, United States.
3. The Filer is a diversified commercial finance company. The Filer's financing activities are offered primarily in North America. The Filer's operations are located primarily in the United States. There are no operations or management of the Filer located in Canada.
4. The Filer 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. The Filer 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.
5. The Filer became a reporting issuer in the Jurisdictions in December 2001 when it obtained a final receipt for a base prospectus and prospectus supplement each dated November 30, 2001 (collectively, the "2001 Prospectus") in the Jurisdictions in respect of (i) the issuance by the Filer of debt securities; and (ii) the issuance by Textron Financial Canada Funding Corporation ("TFCFC"), a wholly-owned subsidiary of the Filer, of debt securities guaranteed by the Filer.

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6. All of the debt securities issued by TFCFC and guaranteed by the Filer under the 2001 Prospectus have matured and were repaid by TFCFC.
7. TFCFC ceased to be a reporting issuer in British Columbia on May 30, 2010, and in the other Jurisdictions on June 15, 2010. TFCFC is currently not a reporting issuer in any jurisdiction of Canada.
8. No debt securities issued by the Filer under the 2001 Prospectus are outstanding.
9. All of the shares of common stock in the capital of the Filer are owned by Textron Inc. ("Textron"), a publicly-owned Delaware corporation.
10. As at October 31, 2010, the Filer, in addition to intercompany debt and securitized debt which are not held by Canadian residents, had approximately U.S.\$3.4 billion in outstanding debt, which included U.S.\$1,740 million of debt owing pursuant to the Filer's existing credit facilities (the "Bank Debt") and U.S.\$1,673 million of outstanding debt securities (the "Debt Securities"). The Debt Securities consist of:
 - (a) U.S.\$1,101,936,000 principal amount of fixed and floating rate medium term notes (the "Medium Term Notes"), comprising:
 - (i) U.S.\$100,000,000 principal amount of 5.125% medium-term notes, Series E, due 2014 (CUSIP No. 88319QG56) (the "2014 Medium Term Notes");
 - (ii) U.S.\$151,010,000 principal amount of 5.125% medium-term notes, Series E, due 2011 (CUSIP No. 88319QJ20);
 - (iii) U.S.\$50,450,000 principal amount of floating rate medium-term notes, Series F, due 2011 (CUSIP No. 88319QL35);
 - (iv) U.S.\$10,000,000 principal amount of 6.20% medium-term notes, Series E, due 2037 (CUSIP No. 88319QL68);
 - (v) U.S.\$100,000,000 principal amount of floating rate medium-term notes, Series F, due 2011 (CUSIP No. 88319QL92);
 - (vi) U.S.\$20,500,000 principal amount of floating rate medium-term notes, Series F, due 2011 (CUSIP No. 88319QM26);

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- (vii) U.S.\$100,000,000 principal amount of floating rate medium-term notes, Series F, due 2013 (CUSIP No. 88319QM34);
 - (viii) U.S.\$350,000,000 principal amount of 5.40% medium-term notes, Series E, due 2013 (CUSIP No. 88319QM59);
 - (ix) U.S.\$214,976,000 principal amount of 5.125% medium-term notes, Series F, due 2010 (CUSIP No. 88319QL84);¹ and
 - (x) U.S.\$5,000,000 principal amount of floating rate medium-term notes, Series E, due 2010 (CUSIP No. 88319QK77);²
- (b) U.S.\$271,052,631 principal amount of fixed rate senior notes (the “Senior Notes”), comprising:
- (i) U.S.\$147,368,420 principal amount of 4.39% fixed rate senior notes due 2013;
 - (ii) U.S.\$50,000,000 principal amount of 4.44% fixed rate senior notes, Series A, due 2013; and
 - (iii) U.S.\$73,684,211 principal amount of 4.59% fixed rate senior notes, Series B, due 2017; and
- (c) U.S.\$300,000,000 principal amount of 6% fixed to floating rate junior subordinated notes, due 2067 (CUSIP No. 883199AR2) (the “Subordinated Notes”).
11. The Medium Term Notes were issued in public offerings in the United States between 2004 and 2008 pursuant to (i) a shelf registration statement filed with the SEC (including a base shelf prospectus dated September 26, 2003, and prospectus supplement dated September 26, 2003); and (ii) a shelf registration statement filed with the SEC (including a base shelf prospectus dated November 16, 2006, and prospectus supplement dated November 16, 2006). The Senior Notes were offered on a private placement basis in 2004 and 2008 to institutional investors in the United States. The Subordinated Notes were offered on a private placement basis in 2007 to institutional investors.

1 The medium-term notes with CUSIP No. 88319QL84 were repaid on November 1, 2010, and are no longer outstanding.

2 The floating rate medium-term notes with CUSIP No. 88319QK77 were repaid on November 8, 2010, and are no longer outstanding.

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12. The Filer has reviewed the documentation and payment instructions associated with the Bank Debt and has determined that all of the lenders in respect of such debt reside outside of Canada.
13. Based on (i) participant searches conducted by the Depository Trust Company (“DTC”) relating to the Medium Term Notes and the Subordinated Notes (by CUSIP); (ii) geographical searches conducted by Broadridge Financial Solutions Inc. (“Broadridge”) of its broker/dealer databases relating to the Medium Term Notes and the Subordinated Notes (by CUSIP); (iii) direct follow up inquiries made by the Filer with DTC participant holders not appearing in the Broadridge searches; and (iv) the register of holders of Senior Notes (for which the Filer acts as registrar), as of October 20, 2010:
 - (a) there are 12 resident Canadian beneficial owners of Medium Term Notes holding U.S.\$550,564 aggregate principal amount of Medium Term Notes. Of these 12 resident Canadian beneficial owners, (i) seven are resident in Ontario and hold an aggregate of U.S.\$123,000 principal amount of Medium Term Notes; (ii) two are resident in Alberta and hold an aggregate of U.S.\$20,000 principal amount of Medium Term Notes; (iii) one is resident in New Brunswick and holds U.S.\$25,000 principal amount of Medium Term Notes; and (iv) the province or territory of residence of two beneficial owners holding an aggregate principal amount of U.S.\$382,564 of Medium Term Notes is unknown;
 - (b) there is one resident Canadian beneficial owner of Subordinated Notes holding an aggregate of U.S.\$158,000 principal amount of the Subordinated Notes (who is also a resident Canadian beneficial owner of Medium Term Notes described in paragraph (a) above). The province or territory of residence of this resident Canadian beneficial owner is unknown;
 - (c) there are no resident Canadian beneficial owners of Senior Notes; and
 - (d) on a worldwide basis, there are a total of 5,183 beneficial owners of Debt Securities comprised of (i) 5,137 beneficial owners of Medium Term Notes; (ii) 16 beneficial owners of Subordinated Notes; and (iii) 30 beneficial owners of Senior Notes.
14. Based upon the above information and the diligent inquiries set out above, the Filer has concluded that:

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- (a) the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions in Canada and fewer than 51 securityholders in total in Canada;
 - (b) residents of Canada do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide; and
 - (c) residents of Canada do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.
15. The Filer does not have any securities outstanding except for the debt securities described in paragraph 10 above, and its shares of common stock which are 100% owned by Textron.
16. The 2014 Medium Term Notes due August 15, 2014, are listed on the New York Stock Exchange (the "NYSE"). The Filer has not applied for listing of any other securities on the NYSE or any other marketplace (as defined in National Instrument 21-101 - *Marketplace Operation*); however, certain of the Medium Term Notes have been admitted to trading on the facilities of the NYSE (i.e., on the NYSE Bonds Platform), without the Filer having listed those securities on the NYSE. Except as noted above, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 - *Marketplace Operation*.
17. The Filer has no current intention to distribute any securities to the public.
18. The Filer has no current intention to seek financing by way of a public offering of its securities.
19. In the preceding 12 months, the Filer has not taken any steps that indicate there is a market for its securities in Canada.
20. For as long as the Filer remains a reporting company under the 1934 Act, it will continue to comply with its reporting obligations in the United States and undertakes to concurrently deliver to its Canadian securityholders, all disclosure the Filer is required under U.S. securities law or exchange requirements to deliver to U.S. resident securityholders. During such period, the Filer's U.S. filings will continue to be available through EDGAR and the Filer will continue to post on its website its annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K.

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21. In the event that the Filer terminates its reporting obligations under the 1934 Act, the Filer undertakes to continue to make publicly available its annual audited financial statements and quarterly unaudited financial statements for at least as long as the Medium Term Notes are outstanding. In addition, the Filer is contractually obligated under certain debt instruments relating to the Debt Securities to provide annual audited and quarterly unaudited financial statements to the holders of such Debt Securities. The Filer intends to continue to make these statements available to the holders of the Debt Securities on its website and to provide copies of such statements as required and upon request in accordance with the documentation governing the Debt Securities.
22. The Filer's parent company, Textron, is and will continue to be a reporting company in the United States and will post on its website and file on its EDGAR file, its annual audited financial statements and quarterly unaudited financial statements. Textron's audited financial statements and quarterly unaudited financial statements include information for its finance business segment, which consists principally of the business and operations of the Filer.
23. On December 29, 2010, the Filer issued and filed a news release announcing that the Filer had applied to the Decision Makers for a decision that it is not a reporting issuer in the Jurisdictions and that if the decision is granted, the Filer will not be a reporting issuer in any jurisdiction in Canada. The press release was disseminated in Canada.
24. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer.
25. Upon the granting of the Exemptive Relief Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

H. Leslie O'Brien, QC
Chair
Nova Scotia Securities Commission

Sarah Bradley
Vice Chair
Nova Scotia Securities Commission