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Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief from the requirements of NI 51-102 – issuer not eligible for exemption under section 13.4 of NI 51-102 because (i) one of its credit supporters is an affiliate, not the direct or indirect beneficial owner of all of the issuer’s voting securities, (ii) the issuer prepares a non-classified balance sheet, as permitted by Canadian GAAP and (iii) the terms of the issuer’s notes (or the agreements governing the rights of noteholders) do not expressly provide the noteholders with the right to receive payment from the credit supporters within 15 days of the issuer’s failure to make a payment

Applicable British Columbia Provisions

National Instrument 51-102 *Continuous Disclosure Obligations*, ss. 13.1 and 13.4

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

AND

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

AND

IN THE MATTER OF DEERE & COMPANY, JOHN DEERE CAPITAL CORPORATION AND JOHN DEERE CREDIT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan (the “Jurisdictions”) has received an application from Deere & Company (“Deere”), John Deere Capital Corporation (“JDCC”) and John Deere Credit Inc. (“JDCI” and together with Deere and JDCC, the “Filer”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that JDCI:

- (i) be exempted from the application of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) pursuant to section 13.1 of NI 51-102 and in Québec by a revision of the

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general order that will provide the same result as an exemption order, and

- (ii) except in British Columbia and Québec, be exempted from the application of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109") pursuant to section 4.5 of MI 52-109;

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, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

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

1. JDCI primarily finances sales and leases by John Deere dealers of new and used agricultural, commercial and consumer, and construction and forestry equipment.
2. JDCI is the result of the amalgamation under the *Canada Business Corporations Act* on October 28, 1996 of Canadian Equipment Finance Corporation and John Deere Finance Limited.
3. JDCI is a reporting issuer or the equivalent in the Jurisdictions and is not in default of any requirement of the Legislation.
4. JDCI is an indirect, wholly-owned subsidiary of Deere, a Delaware incorporated company. Deere is not a reporting issuer or the equivalent in any of the Jurisdictions. Deere has been a reporting company under the 1934 Act since 1958 and has filed with the SEC all 1934 Act filings for the last 12 calendar months.
5. JDCI is an affiliate of JDCC, a Delaware incorporated company and an indirect subsidiary of Deere. JDCC is not a reporting issuer or the equivalent in any of the Jurisdictions. JDCC has been a reporting company under the 1934 Act since at least 1961 and has filed with the SEC all 1934 Act filings for the last 12 calendar months.
6. JDCI filed a short form shelf prospectus dated July 22, 1999 with the Decision Makers in connection with the establishment in Canada of a medium term note program (the "1999 MTN Program") under the provisions of former National

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Policy Statement No. 47 and former National Policy Statement No. 44. JDCI “renewed” the 1999 MTN Program on August 2, 2001 (the “2001 MTN Program”) pursuant to a short form shelf prospectus dated July 31, 2001. Deere is the guarantor of the medium term notes issued pursuant to the 1999 MTN Program and the 2001 MTN Program. On January 23, 2004 JDCI established a new medium term note program pursuant to a short form shelf prospectus dated January 21, 2004 (the “2004 MTN Program”). JDCC is the guarantor of the medium term notes issuable pursuant to the 2004 MTN Program.

7. As at the date hereof, the only issued and outstanding securities of JDCI are:
 - (i) 6,794,111 common shares, all of which are owned by John Deere Limited, a wholly-owned subsidiary of Deere, (ii) non-convertible commercial paper notes of JDCI guaranteed as to payment of principal and interest by JDCC, (iii) medium term notes of JDCI guaranteed as to payment of principal, premium, if any, interest and certain other amounts by Deere, and (iv) medium term notes of JDCI guaranteed as to payment of principal, premium, if any, interest and certain other amounts by JDCC. JDCI is also permitted to issue medium term notes pursuant to the John Deere Euro medium term note program, such notes to be guaranteed as to payment of principal and interest by JDCC.
8. JDCI cannot rely upon the exemption from NI 51-102 contained in section 13.4 of that instrument because:
 - (a) JDCC is not the direct or indirect beneficial owner of all the issued and outstanding voting securities of JDCI;
 - (b) the terms of the notes issued or issuable by JDCI or the agreement(s) governing the rights of holders of such securities do not expressly provide the holders of such securities with the right to receive payment from Deere or JDCC within 15 days of any failure by JDCI to make a payment; and
 - (c) JDCI prepares its balance sheet without segregating its assets and liabilities between current and non-current (a “Non-Classified Balance Sheet”) and therefore, does not provide the information required by subsection 13.4(2)(g) of NI 51-102;
9. Because JDCI cannot rely upon the exemption in section 13.4 of NI 51-102, JDCI cannot rely upon the exemption from MI 52-109 contained in section 4.4 of that instrument.

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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 tests 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 requirements of NI 51-102 shall not apply to JDCI provided that:

- (a) JDCI is in compliance with the requirements and conditions of section 13.4 of NI 51-102, other than:
 - (i) the requirements in subsections 13.4(2)(a) and (g); and
 - (ii) the requirement in subsection 13.4(1) that the holders of designated credit support securities (as defined in NI 51-102) be entitled to receive payment from the credit supporter (as defined in NI 51-102) within 15 days of any failure by JDCI to make a payment;
- (b) Deere remains the direct or indirect beneficial owner of (i) 100% of the issued and outstanding voting shares of JDCI and (ii) at least 51% of the issued and outstanding voting shares of JDCC;
- (c) the only credit supporters of JDCI are Deere and JDCC;
- (d) each credit supporter has provided a full and unconditional guarantee of the payments to be made by JDCI in respect of the designated credit support securities, as stipulated in the terms of such securities or in an agreement governing the rights of holders of such securities, that results in the holder of such securities being entitled to receive payment from the credit supporter duly and punctually on demand upon any failure by JDCI to make a payment;
- (e) JDCI files, in electronic format, annual comparative selected financial information for such completed financial year and the financial year immediately preceding such financial year, derived from its audited annual financial statements, prepared in accordance with Canadian GAAP and accompanied by a specified procedures report of the auditors to JDCI;

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- (f) JDCI files the annual comparative selected financial information referred to in paragraph (e) above within:
 - (i) 120 days of JDCI's then most recently completed financial year beginning on or after January 1, 2004, if JDCI is a venture issuer (as defined in NI 51-102) as at the end of such financial year; or
 - (ii) 90 days of JDCI's then most recently completed financial year beginning on or after January 1, 2004 if JDCI is not a venture issuer as at the end of such financial year;
- (g) JDCI's annual comparative selected financial information referred to in paragraph (e) above, shall include at least the following line items (or such other line items that provide substantially similar disclosure):
 - (i) total revenues;
 - (ii) net income;
 - (iii) net investment in financing contracts and equipment on operating leases, together with a descriptive note on the dollar amount of the allowance for impaired financial contracts;
 - (iv) total assets;
 - (v) short-term borrowings;
 - (vi) long-term borrowings;
 - (vii) accounts payable and other liabilities; and
 - (viii) total shareholder's equity;
- (h) JDCI files, in electronic format, interim comparative selected financial information for such interim period and for items (i) and (ii) of paragraph (j) below, the corresponding interim period in the previous financial year and for items (iii) through to and including (viii) of paragraph (j) below, as at the end of the previous financial year, with all such information derived from its unaudited interim financial statements, prepared in accordance with Canadian GAAP;
- (i) JDCI files the interim comparative selected financial information referred to in paragraph (h) above within:

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- (i) 60 days of JDCI's then most recently completed interim period beginning on or after January 1, 2004, if JDCI is a venture issuer as at the end of such interim period; or
- (ii) 45 days of JDCI's then most recently completed interim period beginning on or after January 1, 2004 if JDCI is not a venture issuer as at the end of such interim period;
- (j) JDCI's interim comparative selected financial information referred to in paragraph (h) above shall include at least the following line items (or such other line items that provide substantially similar disclosure):
 - (i) total revenues;
 - (ii) net income;
 - (iii) net investment in financing contracts and equipment on operating leases, together with a descriptive note on the dollar amount of the allowance for impaired financial contracts;
 - (iv) total assets;
 - (v) short-term borrowings;
 - (vi) long-term borrowings;
 - (vii) accounts payable and other liabilities; and
 - (viii) total shareholder's equity;
- (k) if JDCI's presentation of a Non-Classified Balance Sheet is not permissible under Canadian GAAP, JDCI will adjust its presentation of the annual and interim comparative selected financial information referred to in paragraphs (e) and (h) above so that it is in compliance with requirements set out in subsection 13.4(2)(g) of NI 51-102;

AND THE FURTHER DECISION of the Decision Makers (other than the Decision Makers in British Columbia and Québec) is that the requirements of MI 52-109 shall not apply to JDCI provided that JDCI is compliance with the conditions set out in paragraph (a) through (k) of the Decision above.

DATED May 31, 2004

Cameron McInnis