Annual Report 1990

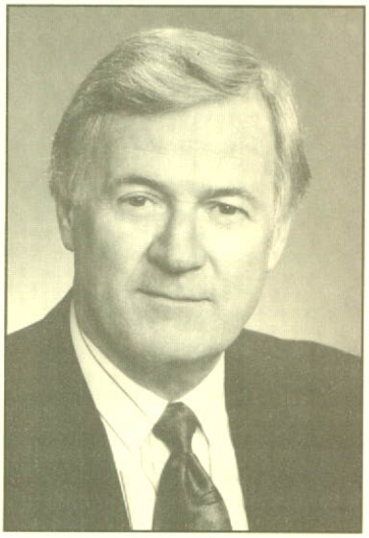
Avco
Financial
Services
Canada
Limited

Avco Financial Services
Subsidiary of Textron Inc.

The President's Message

Avco Financial Services Canada Limited continued its record of growth and profitability in 1990, despite a weakened economy. I am pleased to report strong operations performance resulting in net earnings of $24.5 million.

Receivable growth across our core product lines contributed to revenues of $256.5 million, an increase of 13.2%. This increase in revenues was more than offset by an increase in the provision for losses related to the increase in receivable growth, an increase in charge-offs due to the weakening economy and an increase in interest expense due to an increase in dividends paid.



At year end 1990, we took another step to strengthen our portfolio quality by tightening our charge-off policy. All loan accounts in which customers have not made one full payment in six months will be charged-off; this represents a change from our previous "NoPay 9" charge-off policy, but, we believe, more accurately reflects the status of such delinquent accounts. The application of this new policy resulted in a one-time charge-off of $5.2 million or .5% of average net receivables with an offsetting reduction in our allowance for losses. Including this reduction, allowance for losses was 2.98% at year end.

Our premier product, the consumer loan, experienced growth of $57 million, an increase of 12.6%, while our mortgage portfolio experienced growth of $93.2 million, 30.9% higher than the previous year. Our retail sales financing operations grew by $13.3 million, an increase of 6.6%. Total volume growth resulted in increased receivables of $164.2 million, 17.1% higher than the previous year.

Avco Canada continues to invest in its future through its people and technology in order to remain customer-driven. Our new computer automated branch system will bring tremendous efficiencies and benefits to the organization, while increasing our customer service capabilities. Our investment in our people includes industry-leading, progressive training programs for all levels of employees. We have also decentralized our operations structure so that we are more closely positioned to respond to localized customer requirements.

This computer technology, combined with our people, management strategies and commitment to our Quality culture, will help ensure we are well positioned in the changing marketplace of the 1990's.

Don Morrison

Don A. Morrison
President

CONSOLIDATED HIGHLIGHTS

For the Five Years Ended December 31

Thousands of dollars	**1990**	1989	1988	1987	1986
NET EARNINGS	**$ 24,485**	$ 24,778	$ 24,655	$ 17,955	$ 17,390
RECEIVABLES OUTSTANDING					
Consumer loans	**$ 510,797**	$ 453,748	$ 432,107	$ 374,493	$ 327,928
Real estate loans	**394,911**	301,666	283,404	257,209	245,464
Sales finance	**214,337**	201,017	184,787	144,977	130,150
Other loans	**5,250**	4,685	4,672	4,516	4,814
Total	**$1,125,295**	$ 961,116	$ 904,970	$ 781,195	$ 708,356
VOLUME OF BUSINESS					
Consumer loans	**$ 326,326**	$ 268,641	$ 284,613	$ 257,740	$ 224,116
Real estate loans	**177,639**	112,872	114,474	101,847	93,981
Sales finance	**330,727**	348,449	316,487	273,582	250,416
Other loans	**2,306**	1,516	1,832	945	1,882
Total	**$ 836,998**	$ 731,478	$ 717,406	$ 634,114	$ 570,395
NUMBER OF BRANCH OFFICES	**250**	254	254	242	231
OTHER SIGNIFICANT DATA					
Shareholders' equity	**$ 150,798**	$ 144,434	$ 131,048	$ 116,666	$ 107,308
Total lines of credit	**$ 203,999**	$ 201,323	$ 166,300	$ 195,000	$ 146,098
Commercial paper coverage	**100%**	110%	105%	106%	101%
Average cost of borrowed funds	**11.56%**	11.49%	11.11%	10.49%	10.96%
Allowance for losses as a percentage of net receivables outstanding	**2.98%**	3.50%	3.50%	3.70%	3.97%
Net credit losses as a percentage of average net receivables outstanding	**1.31%***	1.17%	1.08%	1.16%	0.89%
Other operating expenses as a percentage of revenues	**36.17%**	34.76%	34.23%	34.26%	35.04%

* Excludes accounts charged directly to the allowance for losses resulting from a change in the Company's write-off policy. See Note 1(b) to the accompanying consolidated financial statements. Including such amounts, the 1990 percentage would be 1.82%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Total revenues increased by 13.2% from $226,471 in 1989 to $256,488 in 1990. Interest, discount and service charge revenue increased as a result of an increase in average net receivables and relatively constant yields and premiums earned increased by $3,562 due primarily to the introduction of new lines of business.

Total interest and debt expense increased due to the increase in debt required to finance the receivable growth. Average cost of borrowed funds increased marginally to 11.56% in 1990 from 11.49% in 1989. Provision for losses increased in 1990 due to the growth in receivables outstanding. As a result of the current economic recession, net credit losses as a percentage of average net receivables increased to 1.31% in 1990 from 1.17% in 1989. Factors contributing to the increase in other operating costs were salary expense, depreciation, branch office expenses, the increased use of credit reports and collection activities and increased insurance operating expenses relating primarily to the new lines of business. Income tax expense as a percentage of earnings before income taxes decreased to 42.2% in 1990 from 44.6% in 1989 due, in part, to a favourable ruling obtained in 1990 relating to the federal government's Large Corporation Tax.

The current economic recession is expected to have a negative impact on the Company's rate of receivable growth and the amount of the provision for losses, while having a favourable impact on the cost of commercial paper due to decreasing interest rates.

LIQUIDITY AND CAPITAL RESOURCES

The company depends on a broad base of financial support for its liquidity and capital requirements. Cash can readily be obtained either from its operations or by borrowing in several financial markets. These markets include unsecured borrowing against bank lines of credit, the issuance of commercial paper and sales of medium term debt in both the public and private placement markets in Canada and Europe. For liquidity purposes, the Company has a policy of maintaining sufficient unused bank lines of credit to back up its outstanding commercial paper. At December 31, 1990, the Company had unused lines of credit totalling $204 million, which were available to back up outstanding commercial paper totalling $203.9 million, producing a coverage ratio of 100%. By means of medium term financing, the Company has kept its average ratio of commercial paper to total debt during the past several years below 30%, and at December 31, 1990 such ratio was 21.2%.

During 1990, proceeds from medium term financing sources totalled $200 million. During 1990, the Company benefited from interest rate exchange agreements having a total notional principal amount of $65 million which effectively fixed the rate of interest on $65 million of variable rate short-term debt at a weighted average rate of 10.48%. Agreements for $50 million will expire in 1992 and the remaining $15 million will expire in 1993. In February of 1991, the Company entered into another exchange agreement for $11.6 million at 10.75% expiring in 1996.

All note debt of the Company is guaranteed by Avco Financial Services, Inc. Loan agreements and trust indentures under which Avco Financial Services, Inc. has issued much of its long-term note debt contain restrictions in the amount of debt which Avco Financial Services, Inc. and its consolidated subsidiaries, including the Company, may have outstanding. Such restrictions have not materially affected the Company's borrowing ability. An important factor in the ability of the Company to meet its financial requirements in the future is the financial condition, results of operations and liquidity/capital position of Avco Financial Services, Inc.

GOODS AND SERVICES TAX

It has been estimated that the implementation of the 7% Canadian Goods and Services Tax will increase 1991 expenses, before taxes, by approximately $2.1 million.

IMPACT OF INFLATION

Substantially all of the assets and liabilities of the Company are monetary in nature. As a result, with inflation in the range of 5.0% to 5.5%, the overall impact on the Company's results is not material.

AUDITORS' REPORT

To the Shareholders of
Avco Financial Services Canada Limited

We have audited the consolidated financial position of Avco Financial Services Canada Limited as at December 31, 1990 and 1989 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1990 and 1989 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Ernst & Young

Chartered Accountants
London, Canada
February 7, 1991

Consolidated Earnings

Thousands of dollars, year ended December 31,	**1990**	1989
REVENUES		
Interest, discount and service charges	**$238,767**	$212,541
Insurance premiums	**10,321**	6,759
Investment income	**4,860**	4,933
Other revenues	**2,540**	2,238
Total revenues	**256,488**	226,471
EXPENSES		
Interest and debt expense		
Interest on long-term debt	**69,801**	69,979
Amortization of long-term debt financing costs	**1,550**	1,752
Interest on short-term debt	**27,741**	15,273
Total interest and debt expense	**99,092**	87,004
Provision for losses on collection of receivables, less recoveries	**18,377**	12,661
Insurance losses and adjustment expenses	**3,869**	3,352
Other operating expenses	**92,779**	78,718
Total expenses	**214,117**	181,735
Earnings before income taxes	**42,371**	44,736
Income taxes	**17,886**	19,958
NET EARNINGS	**$ 24,485**	$ 24,778

See accompanying notes

Consolidated Retained Earnings

Thousands of dollars, year ended December 31,	**1990**	1989
Balance at beginning of year	**$121,435**	$108,049
Net earnings	**24,485**	24,778
Cash dividend	**(18,121)**	(11,392)
Balance at end of year	**$127,799**	$121,435

See accompanying notes

Consolidated Financial Position

Thousands of dollars, December 31,	**1990**	1989
ASSETS		
Receivables (note 2)	**$1,125,295**	$ 961,116
Allowance for losses	**(33,518)**	(33,639)
	1,091,777	927,477
Investments (note 5)	**53,315**	49,772
Prepaid expenses and other receivables	**23,041**	28,759
Income taxes recoverable	**725**	
Deferred income taxes	**836**	1,058
Property and equipment, at cost (less accumulated depreciation and amortization: $5,734 in 1990 and $3,032 in 1989)	**13,792**	13,728
Cash	**595**	478
Other assets, net of amortization	**5,809**	6,465
TOTAL ASSETS	**$1,189,890**	$1,027,737
LIABILITIES		
Short-term debt – unsecured – commercial paper (note 4)	**$ 203,888**	$ 183,645
Long-term debt – unsecured (note 3)	**756,111**	624,116
	959,999	807,761
Accounts payable and accrued liabilities	**38,447**	35,144
Income taxes payable		3,690
Deferred insurance commissions	**1,420**	1,238
Insurance provisions and claims		
Unearned premiums	**25,239**	22,565
Provision for outstanding claims	**13,987**	12,905
Total liabilities	**1,039,092**	883,303
SHAREHOLDERS' EQUITY (note 6)		
Common share capital	**16,788**	16,788
Additional paid-in capital	**6,211**	6,211
Retained earnings	**127,799**	121,435
Total shareholders' equity	**150,798**	144,434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$1,189,890**	$1,027,737

See accompanying notes

On behalf of the Board

W.A. Barrett
Director

D.A. Morrison
Director

Changes in Consolidated Financial Position

Thousands of dollars, year ended December 31,	1990	1989
OPERATING ACTIVITIES		
Net earnings	$ 24,485	$ 24,778
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Provision for losses on receivables	22,893	16,651
Depreciation and amortization of property and equipment and other assets	4,885	3,441
Other, net	4,390	(8,894)
Increase in accounts payable and accrued liabilities	3,303	20
Increase in unearned insurance premiums	2,674	1,621
Increase in provision for outstanding claims	1,082	1,635
Decrease in deferred income taxes	222	86
Increase (decrease) in deferred insurance commissions	182	(21)
Decrease in income taxes payable	(4,415)	(93)
	59,701	39,224
INVESTING ACTIVITIES		
Funds advanced on receivables	(836,998)	(731,478)
Bulk purchases of receivables	(17,247)	(2,878)
Principal collections on receivables	667,052	663,524
Purchases of property and equipment (net)	(2,965)	(8,856)
Increase in investments	(3,543)	(2,556)
	(193,701)	(82,244)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	200,000	104,000
Increase in short-term debt	20,243	25,575
Cash dividend	(18,121)	(11,392)
Repayment of long-term debt	(68,005)	(75,552)
	134,117	42,631
Net increase (decrease) in cash	117	(389)
Cash at beginning of year	478	867
Cash at end of year	$ 595	$ 478

See accompanying notes

Notes to Consolidated Financial Statements

December 31, 1990 and 1989

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The following represent the significant accounting policies used in the preparation of the consolidated financial statements.

(a) Basis of presentation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

(b) Receivables

Interest ceases to be accrued when an account is contractually past due more than 90 days. Thereafter, interest income is recognized on a cash basis only.

It is generally the Company's policy to write off accounts monthly when they are deemed uncollectible, but in any event, except for real estate secured loans, all accounts for which no payment has been received for six consecutive months are written off. At December 31, 1990 the Company changed the maximum period an account could remain outstanding without receiving a payment from 269 days to the current 179 days. The effect of this change was to reduce the allowance for losses and receivables by $5,220,000. The Company charges against current earnings as a provision for losses on receivables such amounts as management believes to be adequate.

(c) Deferred insurance commissions

The entire amount of insurance commissions received from carriers is deferred and credited to earnings over the life of the related insurance contracts on a basis consistent with the premium recognition method as described in (h) on the following page.

(d) Deferred income taxes

Income taxes are provided on the basis of accounting income which differs from taxable income on which income taxes are currently payable as a result of timing differences principally relating to the allowance for losses and deferred development costs.

(e) Foreign exchange

Assets and liabilities denominated in foreign currency have been translated at the closing rates on the balance sheet date. Income and expense accounts have been translated at the average rates prevailing during the respective years. The resulting gain or loss from translation has been reflected in earnings.

(f) Property and equipment

Property and equipment are stated at cost. The Company calculates depreciation and amortization on a straight-line basis at the following rates, which are estimated to fully depreciate the cost over the estimated useful lives of the following principal assets: business machines – 5 years; computer hardware and software – 5 years; furniture and fixtures – 8 years; leasehold improvements – 8 years and signs – 15 years.

Cost and accumulated depreciation or amortization are removed from the accounts at the time of disposal. Any resulting gain or loss is included in net earnings of the current period.

(g) Other assets

Other assets consist of (1) intangibles recognized in the acquisition of subsidiaries which are being amortized on a straight-line basis over 25 years, (2) debt financing costs which are amortized on a straight-line basis over the terms of the respective debt issues, and (3) deferred development costs relating to the external costs of designing and developing computer systems which are amortized on a straight-line basis over 5 years.

(h) Insurance subsidiary

The following are the significant accounting policies followed by the Company's insurance subsidiary for purposes of these consolidated financial statements:

(i) Unearned premiums

Unearned insurance premiums represent the portion of premiums written which is determined to be unearned on the balance sheet date. These unearned premiums are taken into earnings over the life of the policies in the following manner: (1) for accident and sickness insurance in relationship to anticipated claims and (2) for property and casualty insurance on a straight-line basis.

Certain costs of acquiring new business, principally commissions and premium taxes, are deferred and are charged to expense in the same manner as the related premiums are taken into earnings.

(ii) Provisions for outstanding claims

Provisions are made for losses and adjustment expenses, as claims are reported, based on estimates of the probable ultimate liability, and are adjusted for subsequent developments. Provisions are also made for estimated losses incurred but not reported. The provisions are net of estimated reinsurance recoverable.

(iii) Investments

Investments are carried at cost except where it is estimated that there has been a decline that is other than temporary in the underlying market value in which case the carrying value is written down.

NOTE 2: RECEIVABLES

Thousands of dollars, December 31,	**1990**	1989
Consumer loans	**$ 510,797**	$ 453,748
Real estate loans	**394,911**	301,666
Sales finance	**214,337**	201,017
Other loans	**5,250**	4,685
	$1,125,295	$ 961,116

The terms of the Company's receivables generally require repayment in equal monthly instalments. The maximum term over which consumer loan accounts are written is 60 months. However, approximately 93 percent of the dollar amount of consumer loan accounts are written with terms of 48 months or less.

Real estate loans are written for amortization periods of up to 25 years, however, substantially all of these loans have a term of, or are callable by the Company after, not more than 5 years.

Sales finance includes retail instalment contracts with average written terms of 7 months and Revolving Charge accounts.

NOTE 3: LONG-TERM DEBT

Thousands of dollars, December 31,	**1990**	1989
Due in Canadian Funds		
9.500% notes due March 1993 (a)	**$ 711**	$ 741
10.000% notes due February 1993	**1,000**	1,000
10.000% notes due March 1993	**3,600**	3,600
10.125% notes due February 1993	**5,000**	5,000
10.125% notes due March 1993	**10,000**	10,000
10.200% notes due March 1993	**3,000**	3,000
10.250% notes due July 1992	**75,000**	75,000
10.460% notes due June 1991	**10,000**	10,000
10.500% notes due July 1991	**3,000**	3,000
10.500% notes due June 1994	**5,000**	5,000
10.560% notes due November 1991	**5,000**	5,000
10.625% notes due June 1994	**1,000**	1,000
10.650% notes due November 1991	**5,000**	5,000
10.650% notes due June 1994	**5,000**	5,000
10.750% notes due April 1991	**60,000**	60,000
10.800% notes due September 1993	**5,000**	5,000
10.850% notes due November 1991	**4,000**	4,000
10.850% notes due February 1994	**1,000**	1,000
10.875% notes due May 1994	**12,000**	12,000
10.875% notes due June 1994	**5,000**	5,000
10.900% notes due November 1991	**6,500**	6,500
11.000% notes due October 1991	**1,000**	1,000
11.000% notes due January 1993	**100,000**	100,000
11.000% notes due August 1993	**75,000**	75,000
11.000% notes due May 1994	**75,000**	75,000
11.050% notes due September 1993	**1,800**	1,800
11.050% notes due October 1993	**1,500**	1,500
11.100% notes		1,000
11.380% notes due September 1993	**1,000**	1,000
11.625% notes due October 1992	**75,000**	75,000
11.850% notes due January 1996	**100,000**	
12.000% notes		50,000
12.375% notes due July 1995	**75,000**	
12.625% notes due May 1995	**3,000**	
12.650% notes due December 1994	**5,000**	
12.750% notes		16,975
12.750% notes due May 1995	**5,000**	
12.850% notes due May 1995	**12,000**	
Total long-term debt	**$756,111**	$624,116

(a) Subject to sinking fund provision.

Long-term debt is Senior debt and is unconditionally guaranteed by Avco Financial Services, Inc.

The maturities and sinking fund obligations on long-term debt for the five years subsequent to December 31, 1990 and thereafter are as follows: 1991 – $94,550,000; 1992 – $150,050,000; 1993 – $207,511,000; 1994 – $109,000,000; 1995 – $95,000,000; and 1996 – $100,000,000.

NOTE 4: INTEREST RATE EXCHANGE AGREEMENTS

The Company has entered into interest rate exchange agreements which have the effect of fixing the rate on $65,000,000 of variable rate short-term debt, thereby allowing the Company to issue short-term debt without being exposed to the effects of varying interest rates. Agreements for $50,000,000 at 10.48% expire October 31, 1992 and an agreement for $15,000,000 at 10.50% expires April 30, 1993. At December 31, 1990 the floating rate exceeded the weighted average of the fixed rates by approximately 1.87%.

NOTE 5: INVESTMENTS AT COST

Thousands of dollars, December 31,	**1990**	1989
Short-term notes	**$10,563**	$ 2,312
Bonds (market value: $30,592 in 1990 and $31,280 in 1989)	**30,849**	31,510
Stocks (market value: $11,025 in 1990 and $16,821 in 1989)	**11,872**	15,909
Mortgages	**31**	41
	$53,315	$49,772

The insurance subsidiary has investments of $52,267,000 and $48,826,000 at December 31, 1990 and 1989, respectively. These investments are subject to government regulation which controls the type of investments permitted, and are not interchangeable with other assets of the Company.

Subsequent to the year end, in order to enable the Canadian Branch of a related insurance company to comply with requirements established by the Office of the Superintendent of Financial Institutions Canada, the company's insurance subsidiary prepaid amounts due to the related company which totalled approximately $27,000,000 at December 31, 1990 by transferring a portion of its investment assets at fair market value. This transfer did not result in any significant gain or loss. The insurance subsidiary will no longer pay a reserve credit on withheld reinsurance liabilities to this related company.

NOTE 6: SHAREHOLDERS' EQUITY

Thousands of dollars, December 31,	**1990**	1989
Common share capital		
Authorized – 2,000,000 shares		
Issued –		
December 31, 1990 and 1989		
–1,670,382 3/4 shares	**$16,788**	$16,788

Avco Financial Services, Inc., a United States company, owns in excess of 99.9% of the issued common shares. The ultimate parent company is Textron Inc., a United States company.

Rules prescribed by the Office of the Superintendent of Financial Institutions Canada with respect to capital requirements for the Company's insurance subsidiary and certain provisions of the Canadian and British Insurance Companies Act (Canada) have the effect of restricting the amount of dividends which the subsidiary is permitted to pay in any year. Retained earnings at December 31, 1990 and 1989 includes the accumulated net earnings of the insurance subsidiary of $6,704,000 and $5,893,000, respectively.

NOTE 7: OPERATING LEASE COMMITMENTS

The Company's executive office is occupied under a long-term lease expiring in 1999 at an annual rental of approximately $613,000. The branch office locations are occupied under leases having terms generally not in excess of five years at annual rentals of approximately $3,291,000. Vehicles are leased over terms generally not in excess of three years at annual rentals of approximately $1,598,000.

At December 31, 1990 minimum annual rentals relating to these leases are as follows: 1991 – $5,502,000; 1992 – $4,485,000; 1993 – $3,020,000; 1994 – $1,743,000; 1995 – $1,070,000; 1996 and thereafter – $2,197,000. Rent expense charged to earnings for the years ended December 31, 1990 and 1989 amounted to $6,679,000 and $6,205,000, respectively.

NOTE 8: OPERATIONS BY INDUSTRY SEGMENT

The following is a summary of revenues, operating profit and identifiable assets by industry segment.

Thousands of dollars, year ended December 31,	**1990**	1989
Revenues		
Financial Services	**$241,743**	$215,194
Insurance Services	**14,745**	11,277
Total	**$256,488**	$226,471
Operating profit		
Financial Services	**$38,794**	$40,720
Insurance Services	**3,577**	4,016
Total	**$42,371**	$44,736
Identifiable assets		
Financial Services	**$1,136,979**	$ 978,943
Insurance Services	**57,235**	52,496
Intercompany eliminations	**(4,324)**	(3,702)
Total	**$1,189,890**	$1,027,737

Operating profit by industry segment represents earnings before income taxes.

NOTE 9: SUPPLEMENTAL INFORMATION

Amounts paid for administrative services (to the parent company) deducted in arriving at net earnings for the years ended December 31, 1990 and 1989 amounted to $2,694,000 and $2,069,000, respectively. Amounts received for administrative services (from certain affiliates) included in arriving at net earnings for the years ended December 31, 1990 and 1989 amounted to $164,000 and $99,000, respectively.

As a result of a change in its reinsurance arrangements, effective February 1, 1990, the insurance subsidiary transferred unearned premiums and the provision for outstanding claim liabilities from a non-resident third party to the Canadian Branch of a related insurance company in the amount of $20,065,000. During the year reinsurance premiums ceded and reserve credits on withheld reinsurance liabilities paid to this related company amounted to $13,347,000 and $2,024,000 respectively.

Banks Extending Lines of Credit

Bank of Montreal – Toronto, Ontario
The Bank of Nova Scotia – Toronto, Ontario
Canadian Imperial Bank of Commerce – London, Ontario
Royal Bank of Canada – Toronto, Ontario
Toronto Dominion Bank – London, Ontario
National Westminster Bank of Canada – Toronto, Ontario
Morgan Guaranty Trust Company of New York – New York, New York

Commercial Paper

Avco Financial Services Canada Limited is a direct issuer of commercial paper. Short-term notes may be purchased on any business day and are available to investors on either a discount or interest bearing basis in minimum denominations of $100,000 for terms of 1 to 365 days. All commercial paper is senior debt of the Company and is unconditionally guaranteed by Avco Financial Services, Inc.

Same day delivery can be made to investors through an issuing agent bank in Montreal, New York, Toronto, London, Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver. For rates and information please contact the Company's Treasury Department office. Toronto area: 1-800-265-7953; Toronto direct line: 364-4773; and London (collect): 519-672-4220.

Credit Agency Ratings:	Commercial Paper	Long-term Debt
Dominion Bond Rating Service	R-1	A
Canadian Bond Rating Service	A-1	A

Senior Officers and Directors

AVCO FINANCIAL SERVICES CANADA LIMITED

- **W.A. Barrett**
  Director (Executive Vice President and President International Finance Operations, Avco Financial Services, Inc.)

D.A. Morrison
President and Director

- **J.F. Robinson, F.C.A.**
  Director (President, XYLAN Inc.)

- **Colonel L.F. Stevens, F.C.A.**
  Director (Financial Consultant)

D.M. Hughes
Senior Vice President and Director

A.J. Smith-Windsor
Senior Vice President, General Manager of London and Midland General Insurance Company and Director

R. Bukow
Vice President

K.A. Campbell
Vice President

R.J. Columbus
Vice President

J.G. Comrie
Vice President and Treasurer

W.H.S. Cox
Vice President

J. Dunberry
Vice President

S.G. Furlonger
Vice President

L.R. Guest
Vice President and Secretary

J.P. Low
Vice President

A.W. Miles
Vice President (Insurance)

J.N. Moore
Vice President

K.J. Parker
Vice President and Controller

D.J. Sadler
Vice President

H.A. Vanden Heuvel
Vice President (Insurance)

- Member of the Audit Committee