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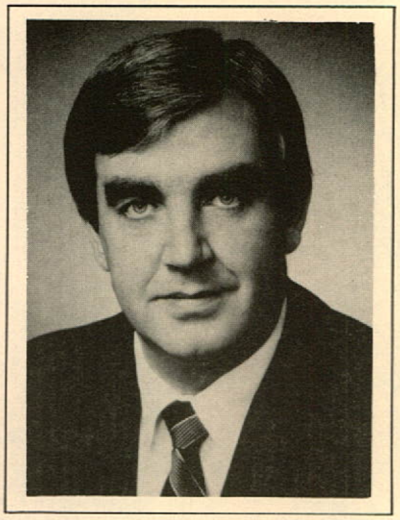
AVCO
FINANCIAL SERVICES
CANADA LIMITED

Annual Report

December 31, 1985

THE PRESIDENT'S MESSAGE



W.A. Barrett
President

In 1985 Avco Financial Services Canada Limited recorded its finest year in over a decade.

It was a year in which we focused our attention on the growth and development of those products and services that we have traditionally specialized in: consumer loans, sales financing, and real estate loans.

Across the country, in every province, our consumer loan and sales finance portfolios grew to records levels. The combined customer base of these portfolios expanded by almost 48,500 customers, while the receivables outstanding increased by $76 million.

We divested ourselves of our commercial mortgage portfolio and sold our Provincial Trust asset base, resulting in a reduction of over $60 million in low-yielding real estate receivables.

Our financial results were excellent. Revenues reached an all-time high of $152 million and our 1985 net earnings of $13.6 million represented a 51% improvement over 1984.

We believe that much of our success is due to our commitment to three principle strategies:

1. To enhance customer service.
2. To become the premier marketing company within the industry.
3. To have the lowest operating costs within our industry, consistent with our mix of business and the service levels required to satisfy our customers.

The strategies are supported by some fundamental changes that have taken place in our Company's culture. We have introduced the philosophy of participative management and have introduced a Quality Improvement Process in which every employee in the company participates. In addition, we have pushed down authority and responsibility allowing our employees to develop a more entrepreneurial spirit. We encourage innovation and creative risk-taking and our people respond to the challenges in the marketplace by listening to customer feedback and by designing products and services to meet their needs and desires.

Ultimately, in a highly competitive and intensively service-oriented industry, we feel that our major competitive advantage is our people. They are enthusiastic and caring individuals dedicated to providing our customers with excellent service — the finest service they will ever receive from any Company in any industry.

We are confident that 1986 will be an even more exciting and rewarding year.

CONSOLIDATED HIGHLIGHTS
For the Five Years Ended

	December 31	November 30			
Thousands of dollars	**1985**	1984	1983	1982	1981
NET EARNINGS					
Earnings from operations, after taxes	**$ 15,042**	$ 9,254	$ 9,530	$ 8,752	$ 7,499
Loss on foreign exchange, after taxes	**1,418**	253	1,431	2,183	455
Net earnings	**$ 13,624**	$ 9,001	$ 8,099	$ 6,569	$ 7,044
RECEIVABLES OUTSTANDING					
Consumer loans	**$281,979**	$230,676	$188,704	$190,881	$274,688
Real estate	**249,806**	341,860	389,280	374,331	267,924
Sales finance	**88,077**	63,260	30,850	15,699	46,872
Other receivables	**4,426**	10,301	12,318	12,626	11,350
Total	**$624,288**	$646,097	$621,152	$593,537	$600,834
VOLUME OF BUSINESS					
Consumer loans	**$187,714**	$156,397	$116,872	$ 58,638	$118,371
Real estate	**80,212**	107,915	168,419	173,282	129,261
Sales finance	**184,852**	138,098	42,355	10,481	73,928
Other receivables	**1,212**	10,110	5,566	6,335	9,897
Total	**$453,990**	$412,520	$333,212	$248,736	$331,457
NUMBER OF BRANCH OFFICES	**226**	235	237	241	267
OTHER SIGNIFICANT DATA					
Shareholders' equity	**$140,890**	$169,180	$161,173	$154,255	$148,943
Total lines of credit	**$135,000**	$105,000	$115,000	$140,000	$168,535
Commercial paper coverage	**107%**	154%	222%	227%	108%
Average cost of borrowed funds	**11.43%**	11.54%	10.54%	11.93%	12.33%
Allowance for losses as a percentage of net receivables outstanding	**4.31%**	4.38%	4.16%	4.84%	4.96%
Net credit losses as a percentage of average net receivables outstanding	**1.89%**	1.59%	3.24%	2.44%	2.71%
Other operating expenses as a percentage of revenues	**33.96%**	34.71%	34.30%	32.98%	35.03%

AUDITORS' REPORT

The Shareholders,
Avco Financial Services Canada Limited

We have examined the consolidated statement of financial position of Avco Financial Services Canada Limited as at December 31, 1985 and the consolidated statements of earnings, shareholders' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Young, Clarkson, Gordon & Co.

Chartered Accountants

London, Canada
February 7, 1986 (except as to Note 12 which
is as of February 17, 1986)

CONSOLIDATED FINANCIAL POSITION

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	**1985**	1984
ASSETS		(as restated)
Cash	**$ 3,595**	$ 2,542
Receivables (less unearned charges: $7,593 in 1985 and $7,267 in 1984) (note 4)	**624,288**	646,097
Allowance for losses	**(26,913)**	(28,296)
	597,375	617,801
Investments (note 5)	**33,993**	35,522
Prepaid expenses and other receivables	**18,567**	30,743
Deferred income taxes	**14,448**	9,337
Property and equipment, at cost (less accumulated depreciation and amortization: $14,391 in 1985 and $13,953 in 1984)	**2,669**	3,356
Unrealized loss on foreign exchange (less accumulated amortization: $16,199 in 1985 and $11,641 in 1984)	**11,513**	11,288
Other assets, net of amortization	**3,010**	3,450
TOTAL ASSETS	**$685,170**	$714,039
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trust deposits (note 11)		$ 61,063
Short-term Note debt — unsecured — commercial paper	**$125,980**	68,119
Accounts payable and accrued liabilities	**32,417**	20,260
Income taxes payable	**11,132**	5,393
Deferred insurance commissions	**3,014**	3,194
Insurance provisions and claims		
Unearned premiums	**6,076**	6,115
Provision for outstanding claims	**4,120**	4,533
Long-term Note debt — unsecured (note 3)	**361,541**	376,182
Total liabilities	**544,280**	544,859
SHAREHOLDERS' EQUITY		
Share capital (note 6)		
Preference	**574**	603
Common	**16,788**	16,788
Additional paid-in capital	**6,210**	6,209
Retained earnings	**117,318**	145,580
Total shareholders' equity	**140,890**	169,180
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$685,170**	$714,039

See accompanying notes.

Will Barrett Jr.   Don Morrison

On behalf of the Board

W.A. Barrett
Director

D.A. Morrison
Director

CONSOLIDATED EARNINGS

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	**1985**	1984
REVENUES		
Interest, finance and service charges	**$141,031**	$129,485
Insurance premiums	**5,853**	11,701
Investment income	**3,365**	2,984
Other revenues	**1,780**	1,222
Total revenues	**152,029**	145,392
EXPENSES		
Interest and debt expense		
Interest on long-term Note debt	**46,820**	48,047
Amortization of long-term Note debt financing costs	**1,155**	759
Interest on short-term Note debt	**7,345**	8,053
Total interest and debt expense	**55,320**	56,859
Provision for losses on collection of receivables, less recoveries	**10,827**	12,715
Insurance losses and adjustment expenses	**4,650**	7,195
Other operating expenses	**51,627**	50,463
Loss on foreign exchange	**2,841**	510
Total expenses	**125,265**	127,742
Earnings before income taxes	**26,764**	17,650
Income taxes	**13,140**	8,649
NET EARNINGS	**$13,624**	$ 9,001

See accompanying notes.

CONSOLIDATED SHAREHOLDERS' EQUITY

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	**1985**					1984
	Preference shares	Common shares	Additional paid-in capital	Retained earnings	**Total**	Total
Balance at beginning of year, as previously stated	$ 603	$ 16,788	$ 6,209	$146,437	**$170,037**	$161,889
Prior period adjustment (note 10)				(716)	**(716)**	(716)
Balance at beginning of year, as restated	603	16,788	6,209	145,721	**169,321**	161,173
Net earnings				13,624	**13,624**	9,001
Preference share purchases and redemptions	(29)		1		**(28)**	(25)
Cash dividends paid on common shares				(41,994)	**(41,994)**	(935)
Cash dividends paid on preference shares				(33)	**(33)**	(34)
Balance at end of year	$ 574	$ 16,788	$ 6,210	$117,318	**$140,890**	$169,180

See accompanying notes.

CHANGES IN CONSOLIDATED FINANCIAL POSITION

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	**1985**	1984
SOURCES OF FUNDS		
From operations		
Net earnings	**$ 13,624**	$ 9,001
Provision for losses on receivables	**14,430**	16,632
Increase (decrease) in accounts payable and accrued liabilities	**13,090**	(3,382)
Other	**10,478**	(5,067)
Amortization of unrealized loss on foreign exchange	**3,980**	2,874
Increase in income taxes payable	**4,499**	2,702
Depreciation and amortization of property and equipment and other assets	**2,037**	1,603
Loss on disposal of property and equipment	**227**	31
Increase (decrease) in unearned insurance premiums	**(141)**	854
Increase (decrease) in deferred insurance commissions	**(150)**	1,368
Increase (decrease) in provision for outstanding claims	**(411)**	1,050
Increase in deferred income taxes	**(3,612)**	(1,830)
Total from operations	**58,051**	25,836
Collections on receivables (excluding finance charges included in net earnings)	**484,481**	373,648
Increase in short-term Note debt	**53,060**	16,337
Proceeds from issuance of long-term Note debt	**50,000**	57,484
Decrease in cash	**310**	1,945
Total	**$645,902**	$475,250
USES OF FUNDS		
New funds advanced on receivables	**$453,990**	$412,520
Repayment of long-term Note debt	**64,254**	57,860
Decrease (increase) in trust deposits	**61,012**	(11,664)
Cash dividends on common shares	**41,994**	935
Bulk purchases of receivables	**17,052**	251
Increase in unrealized loss on foreign exchange	**5,170**	6,755
Increase in investments	**1,906**	7,726
Increase in property and equipment (net)	**463**	808
Cash dividends on preference shares	**33**	34
Preference share purchases and redemptions	**28**	25
Total	**$645,902**	$475,250

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1985

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The following represent the significant accounting policies not disclosed elsewhere in 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

Finance and discount charges are recognized in revenues on the effective yield method. When charges are not included in the original face amount of the loan, the charges are recognized in revenues as collected. Unearned charges represent the portion of the finance charge or discount included in the original face amount of the related receivables which is determined to be unearned on the balance sheet date. The unearned charges are transferred to revenues on the accrual basis beginning in the month following acquisition.

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 eight consecutive months are written off. 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 methods used by the insurance carriers.

(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 interest income on interest bearing loans due but not as yet collected and unrealized foreign exchange gains or losses. The resulting deferred tax debit is shown separately as an asset in the accompanying statement of consolidated financial position.

(e) Foreign exchange

Assets and liabilities denominated in foreign currency have been translated at the closing rates in effect at each year end. 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 except for the amounts relating to long-term Note debt in which case it is the Company's practice to defer the translation gain or loss and to provide for the amortization of such deferred amount annually on a straight-line basis over the remaining term of each instalment payment of related long-term Note debt outstanding. The resulting unamortized translation loss relating to long-term Note debt which has been deferred as a result of this practice is shown as an "unrealized loss on foreign exchange" in the accompanying statement of consolidated financial position.

At December 31, 1985 and November 30, 1984 assets of $1,731,000 and $794,000 respectively, and liabilities of $127,814,000 and $131,391,000 respectively, were represented by amounts to be settled in U.S. funds. The rates used at December 31, 1985 and November 1984 were Can. $1 = U.S. $0.7153 and Can. $1 = U.S. $0.7553 respectively. For the years ended December 31, 1985 and November 30, 1984, U.S. dollar income and expense accounts have been translated at the average rate of Can. $1 = U.S.$0.7345 and Can.$1 = U.S.$0.7763 respectively.

At December 31, 1985 the Company had forward exchange contracts to purchase a total of U.S. $39,987,000 for Can. $55,000,000. These contracts mature at various dates to May 15, 1986. These forward exchange contracts are regarded as commitments and are not recorded in the accounts of the Company. Gains or losses arising on such contracts from changes in the foreign exchange rate are included in earnings for the year in which the foreign exchange rate changes.

(f) Other assets

Other assets consist primarily of (1) intangibles recognized in the acquisition of subsidiaries (all prior to 1974) which are not being amortized and (2) debt financing costs which are amortized on a straight-line basis over the terms of the respective debt issues.

(g) 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 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.

(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.

NOTE 2: CHANGE IN REPORTING PERIOD

In February 1985, Avco Financial Services' ultimate parent company, Avco Corporation, was acquired by Textron Inc. To coincide with the reporting period of Textron, the Company has changed its reporting period from a fiscal year of November 30 to a calendar year.

Accordingly, these statements present the financial position of the Company at December 31, 1985 and the results of operation and changes in financial position for the year ended December 31, 1985. Supplemental earnings information for the one month ended December 31, 1984 is presented below.

Thousands of dollars, one month ended December 31	1984
REVENUES	
Interest, finance and service charges	$ 9,597
Insurance premiums	474
Investment income	306
Other revenues	116
Total revenues	10,493
EXPENSES	
Interest and debt expense	
Interest on long-term Note debt	4,026
Amortization of long-term Note debt financing costs	63
Interest on short-term Note debt	905
Total interest and debt expense	4,994
Provision for losses on collection of receivables, less recoveries	309
Insurance losses and adjustment expenses	503
Other operating expenses	3,687
Loss on foreign exchange	759
Total expenses	10,252
Earnings before income taxes	241
Income taxes	100
NET EARNINGS	$ 141

NOTE 3: GUARANTEED LONG-TERM NOTE DEBT

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	1985	1984
Due in Canadian Funds		
9½% Notes payable maturing March 1993 (a)	$ 956	$ 19,515
10⅛% Notes payable $3,000 annually, maturing May 1993	24,000	27,000
10¼% Note payable		25,000
10½% Notes payable		12,000
10⁷⁄₁₀% Note payable		3,000
11¾% Note payable maturing November 1988	500	500
11⅞% Note payable		2,500
12% Note payable maturing January 1989	5,000	5,000
12% Notes payable maturing May 1990	50,000	
12⅛% Notes payable maturing July 1987	3,000	3,000
12¼% Notes payable maturing February 1989	7,500	7,500
12³⁄₁₀% Notes payable maturing January 1989	2,000	2,000
12¾% Note payable maturing April 1987	1,000	1,000
12¾% Notes payable maturing May 1987	15,975	15,975
13% Notes payable maturing April 1987	10,000	10,000
13% Notes payable maturing May 1987	5,000	5,000
13% Notes payable maturing February 1988	50,000	50,000
13% Note payable maturing September 1988	2,090	2,090
13% Notes payable maturing February 1989	8,000	8,000
13% Notes payable maturing November 1989	50,000	50,000
Total due in Canadian funds	235,021	249,080
Due in U.S. funds (See note 1(e))		
8⅜% Notes payable U.S. $3,000 annually, maturing June 1992 (U.S. $23,000)	32,154	34,424
9¾% Notes payable U.S. $2,500 annually, maturing June 1992 (U.S. $17,500)	24,465	26,479
Floating Rate Notes maturing December 1991 (U.S. $50,000) (b)	69,901	66,199
Total due in U.S. funds (U.S. $90,500 and U.S. $96,000, respectively)	126,520	127,102
Total long-term Note debt	$361,541	$376,182

(a) Subject to purchase fund agreement.

(b) Held by a subsidiary of Avco Financial Services, Inc. and bearing interest at 1¼% above the latter Company's cost of commercial paper borrowings in the United States. Interest of $381,000 has been accrued and is outstanding.

The maturities, sinking fund and maximum purchase fund payments on long-term Note debt for the five years subsequent to December 31, 1985 and thereafter are as follows: 1986 — $10,737,000; 1987 — $45,712,000; 1988 — $63,327,000; 1989 — $83,237,000; 1990 — $60,737,000; 1991 and thereafter — $97,791,000.

NOTE 4: RECEIVABLES

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	1985	1984
Consumer loans	$281,979	$230,676
Real estate	249,806	341,860
Sales finance	88,077	63,260
Other	4,426	10,301
	$624,288	$646,097

The terms of the Company's receivables generally require repayment in equal monthly instalments. The maximum term over which consumer loans and sales finance accounts are written is 60 months. However, approximately 97 percent of the dollar amount of consumer loans and sales finance 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.

NOTE 5: INVESTMENTS AT COST

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	1985	1984
Short-term Notes	$ 14,852	$ 16,590
Bonds (market value: $11,100 in 1985 and $11,234 in 1984)	10,658	11,473
Stocks (market value: $9,673 in 1985 and $7,627 in 1984)	8,018	6,970
Mortgages	465	489
	$ 33,993	$ 35,522

NOTE 6: SHARE CAPITAL

Thousands of dollars, years ended December 31, 1985 and November 30, 1984	1985	1984
Preference shares		
5½% cumulative voting Class A preference shares value redeemable at $100 per share		
Authorized and issued		
December 31, 1985 — 5,741 shares (November 30, 1984 — 6,028 shares)	$ 574	$ 603
Common shares		
Authorized — 2,000,000 shares		
Issued —		
December 31, 1985 and November 30, 1984 — 1,670,382 ¾ shares	$ 16,788	$ 16,788

During the year the Company purchased for cancellation 287 Class A preference shares for $27,265 cash. The difference between the stated value of the preference shares purchased of $28,700 and the cash paid in respect thereof has been credited to additional paid-in capital.

Avco Financial Services, Inc., a United States company, owns 74.7% of the Class A preference shares and in excess of 99.9% of the issued common shares. The ultimate parent company is Textron Inc., a United States company.

NOTE 7: LEASE COMMITMENTS

The Company's executive office is occupied under a long-term lease expiring in 1989 at an annual rental of approximately $400,000. The branch office locations are occupied under leases having terms generally not in excess of five years at annual rentals of approximately $1,994,000. Vehicles are leased over terms generally not in excess of three years at annual rentals of approximately $848,000.

The total net rental obligations at December 31, 1985 under all leases are as follows: 1986 - $3,242,000; 1987 - $2,364,000; 1988 - $1,857,000; 1989 - $815,000; 1990 and thereafter - $245,000. Rent expense charged to earnings for the years ended December 31, 1985 and November 30, 1984 amounted to $4,410,000 and $4,263,000 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, years ended December 31, 1985 and November 30, 1984	1985	1984
Revenues		
Financial Services	$144,277	$132,147
Insurance	8,078	13,534
Intercompany elimination	(326)	(289)
Total	$152,029	$145,392
Operating profit		
Financial Services	$ 28,364	$ 16,785
Insurance	1,241	1,375
Total	$ 29,605	$ 18,160
Identifiable assets		
Financial Services	$661,164	$685,307
Insurance	22,212	31,088
Intercompany elimination	1,794	(1,640)
Total	$685,170	$714,755

Operating profit by industry segment represents total revenues less operating expenses before losses on foreign exchange in the financial services section ($2,841,000 in 1985 and $510,000 in 1984) and income taxes. Capital expenditures and depreciation expenses were not material to the operation of the industry segments.

The insurance subsidiary's assets include investments of $19,994,000 and $18,558,000 at December 31, 1985 and November 30, 1984, 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.

Rules prescribed by the Department of Insurance 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, 1985 and November 30, 1984 includes the unremitted accumulated net earnings of the insurance subsidiary of $1,235,000 and $8,394,000, respectively.

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, 1985 and November 30, 1984 amounted to $875,000 and $975,000 respectively. Amounts received for administrative services (from certain affiliates) included in arriving at net earnings for the years ended December 31, 1985 and November 30, 1984 amounted to $316,000 and $407,000 respectively.

NOTE 10: PRIOR PERIOD ADJUSTMENT

During the year the legal actions commenced in 1982 by the Company's insurance subsidiary, London and Midland General Insurance Company, against reinsurers and a U.K. intermediary, and by one of the reinsurers against London and Midland, the intermediary and certain other parties, were settled. The action by London and Midland was for recovery of funds advanced to Park Lane Group Limited and to insureds to cover payment of claims under policies written in the name of London and Midland by Park Lane Group Limited for which the reinsurers refused to make payment under reinsurance agreements. Funds advanced totalled $8,944,000 and the settlement received was $7,512,000. In accordance with the policy established in prior years, the resulting write off of $1,432,000, less the applicable income tax recovery of $716,000, has been reflected as a prior period adjustment in the statement of Consolidated Shareholders' Equity.

NOTE 11: TRUST OPERATIONS

During 1985 the Company divested itself of its trust branch operations. All of its deposit liabilities have been assumed by another trust company in exchange for certain trust assets.

NOTE 12: SUBSEQUENT EVENTS

On February 17, 1986 the Company issued a preliminary offering circular for 10 ¾% Guaranteed Notes due April 2, 1991. The total amount of the offering is expected to be $60,000,000 which will be applied to the reduction of short-term Note debt. This offering is expected to close on April 2, 1986.

SENIOR OFFICERS AND DIRECTORS

AVCO FINANCIAL SERVICES CANADA LIMITED

H.W. Merryman: Director and Chairman of the Board (Chairman of the Board of Avco Financial Services, Inc.)

\+ W.A. Barrett: President and Director

\+ G.B. Carmichael: Director (Partner, Ivey & Dowler, Barristers and Solicitors)

L.R. Guest: Vice President, Secretary and Director

D.A. Morrison: Senior Vice President and Director

\+ L.F. Stevens: Director (Chairman of Dale-Parizeau Inc.)

J.G. Comrie: Vice President and Treasurer

W.H.S. Cox: Vice President

J.G.F. Germond: Vice President

D.M. Hughes: Vice President

J.N. Moore: Vice President

M.G. Muir: Vice President

W.B. O'Dell: Vice President

D.J. Sadler: Vice President

A.J. Smith-Windsor: Vice President (Vice President and General Manager of London and Midland General Insurance Company)

H.A. Vanden Heuvel: Vice President and Controller

\+ Member of the Audit Committee

BANKS EXTENDING LINES OF CREDIT

Bank of Montreal - London, Ontario
The Bank of Nova Scotia - London, Ontario
Canadian Imperial Bank of Commerce - London, Ontario
The Royal Bank of Canada - London, Ontario
Toronto-Dominion Bank - London, Ontario

Banque Nationale de Paris (Canada) - Toronto, Ontario
The Chase Manhattan Bank of Canada - Toronto, Ontario
Citibank Canada - Toronto, Ontario

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, Calgary, Edmonton, and Vancouver. For rates and information please contact the Company's Treasury Department office. Toronto area 1-800-265-7953, direct line Toronto 364-4773 or (collect), London 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

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