

**BEFORE THE COMMISSIONER OF INSURANCE  
STATE OF KANSAS**

<b>In the Matter of the Proposed</b>	)	
<b>Acquisition of Control of</b>	)	
	)	
<b>TRAVEL AIR INSURANCE COMPANY (KANSAS)</b>	)	
<b>TRAVEL AIR INSURANCE COMPANY, LTD.</b>	)	
	)	
<b>By:</b>	)	<b>Docket No. 4646-ACQ</b>
	)	
<b>TEXTRON INC.</b>	)	

**ORDER OF ACQUISITION**

Now on this 14th day of March, 2014, the above matter comes before the Commissioner of Insurance of the State of Kansas (“Commissioner”) upon the filing of a pre-acquisition notice pursuant to K.S.A. 40-3304 and K.A.R. 40-1-28 in the form of a Form A Statement Regarding the Acquisition of Control of two Domestic Insurers (“Form A Statement”) by Textron Inc. (“Textron” or “Applicant”), a Delaware corporation. The Form A Statement relates to the proposed acquisition of control of the Kansas domestic affiliates, Travel Air Insurance Company (Kansas) and Travel Air Insurance Company, Ltd. (Collectively “Travel Air Companies”), subsidiaries of Beech Holdings, LLC.

Applicant is represented by E. Robert Lupone, Executive Vice President, General Counsel and Secretary of Textron. The Travel Air Companies are represented by Brent A. Mitchell, Attorney at Law, of the Martin Pringle Law Firm. The Kansas Insurance Department (“Department”) is represented by John Wine, General Counsel. Also appearing for the Department are Kenneth Abitz, Director of the Financial Surveillance Division, and Mark Owens, Principal Financial Analyst. Pursuant to the authority granted

to the Commissioner pursuant to K.S.A. 40-3301 and 40-3304(d)(1) and in accordance with the Kansas Administrative Procedures Act, K.S.A. 77-501, *et seq.*, the Commissioner hereby asserts the following declarations of public interest and policy, findings of fact, conclusions of law and orders:

**DECLARATION OF PUBLIC INTEREST AND POLICY**

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

- (a) Engage in activities which would enable them to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition or organization of subsidiaries;
- (c) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (d) implement sound tax planning conclusions; and
- (e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment, so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. 40-3301, *et seq.*, promote the public interest by:

- (a) Facilitating the achievement of the objectives enumerated in K.S.A. 40-3301 and set out above;

- (b) requiring disclosure of pertinent information relating to changes in control of an insurer;
- (c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and
- (d) providing standards governing material transactions between the insurer and its affiliates.

### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The findings of fact and conclusions stated herein are based upon the statements made by Applicant in the Form A Statement and accompanying documents made under oath and filed with the Department by the Applicant, pursuant to K.S.A. 40-3304(b) and K.A.R. 40-1-28.

1. Significant documents have been reviewed by representatives of the Financial Surveillance and Legal Divisions of the Department, and the Commissioner has had the benefit of their technical expertise and advice.

2. The purpose of the filing of the Form A Statement is to seek authority from the Department for the proposed acquisition of control of the Travel Air Companies by the Applicant. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed with the Commissioner, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. 40-3301, *et seq.*

3. The Travel Air Companies are Kansas corporate insurance companies whose administrative offices are located in Wichita, KS. Beech Holdings, LLC, through its

wholly owned subsidiary, Beechcraft Holdings, LLC, directly owns 100% of the stock of the Travel Air Companies.

4. On December 26, 2013, Textron and Beech Holdings, LLC, executed an Agreement and Plan of Merger (“Merger Agreement”). The Merger Agreement provides for the transaction to close following, among other things, the approval of the members and owners of the outstanding equity interests in Beech Holdings, LLC and the proper regulatory approvals, where approvals are necessary.

5. The Applicant will acquire all of the issued and outstanding equity interests in Beech Holdings, LLC, subject to the terms and conditions of the Merger Agreement, for an aggregate purchase price of \$1.4 billion. The Applicant expects to finance the purchase price with the combination of cash on hand and the issuance of up to \$1.1 billion in new debt. The transaction is not subject to a financing condition.

6. Textron will be the Ultimate Controlling Person of the Travel Air Companies following the execution of this transaction.

7. The staff of the Department have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement is in compliance with the provisions of K.S.A. 40-3301, *et seq.* and K.A.R. 40-1-28 and that the Form A Statement and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision.

8. Evidence shows that after the change of control, the Travel Air Companies would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which they are presently licensed.

9. Evidence shows that the financial condition of Applicant does not jeopardize the financial stability of the Travel Air Companies or prejudice the interest of their respective policyholders.

10. Evidence shows Applicant has no current plans or proposal to liquidate Travel Air Companies, sell their assets or consolidate or merge Travel Air Companies with any person, or to make any other material change in the Travel Air Companies current active business operations or corporate structure or management.

11. Evidence shows the competence, experience and integrity of those persons who would control the operation of the Travel Air Companies are such that it would be in the interest of policyholders of the insurers and of the public to permit the acquisition of control.

12. Evidence shows that the acquisition is not likely to be hazardous or prejudicial to the insurance-buying public.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE  
THAT:**

1. The application by Applicant to acquire control of the Travel Air Companies in the manner set forth in the Form A Statement Regarding Acquisition of Control and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected within 90 days of the date of this Order.

2. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

**NOTICE OF RIGHTS**

This Final Order is effective upon service. Pursuant to K.S.A. 77-529, Applicants may petition the Commissioner for reconsideration of this Final Order within fifteen (15) days after service of the Final Order. A petition for reconsideration must state the specific grounds upon which relief is requested. Additionally, a party to this agency proceeding may seek judicial review of this Final Order by filing a petition in the District Court, pursuant to K.S.A. 77-601, *et seq.* Reconsideration of this Final Order is not a prerequisite for judicial review. A petition for judicial review is not timely unless filed within 30 days following the service of this Final Order, unless Applicant petition the Commissioner for reconsideration, in which case a petition for judicial review is not timely unless filed within 30 days following service of an order rendered upon reconsideration, or an order denying the request for reconsideration. In the event Applicant files a petition for judicial review, the agency officer to be served on behalf of the Department is:

John Wine, General Counsel  
Kansas Insurance Department  
420 S.W. 9th Street  
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 14th DAY OF MARCH, 2014, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



\_\_\_\_\_/s/ Sandy Praeger\_\_\_\_\_  
Sandy Praeger  
Commissioner of Insurance  
BY:

\_\_\_\_\_/s/ John Wine\_\_\_\_\_  
John Wine  
General Counsel

**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the 14th day of March, 2014 to:

Steve Hall  
Chief Counsel, Finance and International Commercial Matters  
Beechcraft  
10511 E. Central Ave.  
P.O. Box 85  
Wichita, KS 67201-0085

Cheryl M. Herbst, Corporate Secretary  
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\_ /s/ John Wine \_\_\_\_\_  
John Wine, General Counsel