

**Doug Whitehead  
President & CEO  
Finning International Inc.**

Remarks – Annual General Meeting, May 9, 2007

Thank you Conrad.

Good morning everyone. Welcome and thank you for joining us today.

Over the next few minutes, I'm going to review our 2006 achievements, and also announce results for the first quarter of 2007. Mike Waites, our CFO, will then provide a detailed financial review of 2006 as well as the first quarter of 2007. Following that, I'll return to discuss our outlook, before taking your questions.

Before we begin, however, I'll ask you to read our standard disclaimer on forward-looking statements. Thank you.

Five years ago, if I'd suggested to you that oil would be \$60 a barrel or copper would be \$3.50 per pound, you'd have thought I was being completely unrealistic. Yet here we are. We're now several years into one of the most robust commodity up-cycles we've ever seen, and there's no sign of it letting up.

For resource-rich economies like those in western Canada and parts of South America, attractive commodity prices continue to underpin strong demand for heavy equipment. As resource industries in these regions have prospered, their success has spread to related businesses and to the general economy. This has helped to drive construction and infrastructure spending as well. Finning has been a beneficiary of this growth once again last year.

In every respect, 2006 was an "up" year for Finning. We passed the \$5 billion mark in revenue – an 11% gain over 2005 and an all-time record for the company.

We made even bigger gains where it really counts – in our bottom-line performance. During 2006, we generated an unprecedented \$241 million in net income from continuing operations – 42% ahead of 2005.

And earnings per share, from continuing operations, climbed 36% to \$2.59 – significantly exceeding our expectations. Mike Waites deserves a lot of credit for keeping our focus firmly on the bottom line.

We increased our quarterly dividend by 23% to 16 cents per share.

And our stock price reflected these strong financial results, as well as our bright outlook, increasing to provide shareholders with a total return of 30% in 2006.

The significant improvement in our earnings reflects a number of factors.

During 2006, we continued to ride the “commodity wave” in Canada and South America, with excellent results generated by these two regions. We grew our higher-margin parts and service business, posting a 17% year-over-year increase in customer support revenue. This increase reflects the growing population of Caterpillar equipment in our service areas, as well as our growing emphasis on providing complete customer solutions.

Despite the expense pressures that inevitably accompany periods of very strong demand, we maintained excellent cost control in our operations.

And we delivered on our promise to improve profitability at our UK dealership. We sold the UK Materials Handling business, and repositioned the remaining businesses to enhance returns, provide better service to our customers and realize higher market share going forward.

One additional achievement that we’re very proud of relates to safety. While managing through a very busy year and integrating more than 1,800 new employees, we maintained our overall safety performance...both in 2006 and in the first quarter of 2007. Safety is a key element of our service culture and we’re working hard to provide the safest possible workplace for our people.

Turning to our divisional results...

In western Canada, the mining, oil and gas, and construction sectors continued to enjoy robust growth. Finning’s Canadian business grew revenue by 27% to over \$2.6 billion, helped by a 39% increase in new equipment sales. EBIT grew even faster, increasing a remarkable 43%, to \$215 million. That’s a superb result and it reflects the 23% growth we achieved in our higher-margin parts and service business.

We hired over 1,000 new employees in Canada in 2006 to meet the growing demand for service.

This impressive performance could not have been achieved without the outstanding direction of Ian Reid.

Turning to our South American operations, which are expertly led by Juan Carlos Villegas, the mining sector and the broader economy remained very strong in 2006, driven by global demand for metals. However, revenue growth slowed, reflecting a temporary pause in mining truck deliveries. We had a wave of truck deliveries in 2005 and we have another wave coming in 2007. 2006 was the dip between these two waves.

But here’s something interesting.

Despite the flat revenue, our South American operations achieved record earnings of \$109 million – up 17% from 2005. This was due in large part to the 18% growth in our higher-margin parts and service business which more than made up for the slowdown in new equipment sales in 2006. It's a clear example of how the customer support side of our business provides earnings stability, even when new equipment sales fall off.

We continued to build our service capability during 2006, hiring almost 900 new employees. We also opened a large new service facility at La Negra near Antofagasta, Chile. This facility rebuilds and overhauls large mining equipment, and will add considerable parts and service revenue in the future.

Turning to our UK operations...improving financial performance was the major focus for this division last year. As I said earlier, we sold our underperforming UK Materials Handling business. And we restructured our remaining UK operations into four distinct lines of business: heavy and core construction, equipment, power systems, general construction equipment and Hewden equipment rental.

As part of this reorganization, we made a number of senior management changes, with all four businesses now reporting to Andy Fraser who was appointed Managing Director late in 2006. Andy has already had a profound impact on UK results.

These changes, together with a focus on cost reduction, resulted in significantly improved profitability at our UK Caterpillar dealership. Although sales were relatively flat in local currency, EBIT from continuing operations more than doubled, from \$13.5 million in 2005 to \$34.9 million in 2006.

Over at Hewden, our UK rental business underwent considerable change as well, as we focused on improving our operations. 2006 EBIT of \$44.2 million was comparable to 2005 levels. And we focused on enhancing customer service. We reorganized the sales force and rationalized the mobile crane business.

We are also now in the final stages of implementing a new management information system, which will improve our ability to measure customer and product profitability and manage rental inventory, pricing and billing. Ultimately, this will enhance customer service.

We're looking forward to improved results in general from our combined UK operations in 2007.

Finally, our Power Systems business, led by Steve Mallett, enjoyed another excellent year. Supported by strong demand for engines, revenues rose by 14% in 2006 to almost \$700 million. Our goal for Power Systems is to generate \$1 billion in revenues by 2008, and Steve's strong leadership has us on track to achieve that goal.

We made a number of changes to our senior management team in 2006. Our senior HR executive, Nadine Block, has expertly led a robust leadership development process. This

process has resulted in a team that brings an excellent mix of experience, leadership capability, vision and energy. I believe that Nadine's passion around leadership excellence has ensured that we have a strong group that will lead the Company to continued success.

Overall, then, 2006 was an exceptional year for Finning, and 2007 is off to a great start as well. Looking at results on a company-wide basis...

For the first quarter of 2007, we achieved revenue of \$1.4 billion, up 21% from Q1 2006. Net income increased by 21%, to \$70 million. And earnings per share grew to \$0.78, a 20% improvement from a year earlier.

It's a record first quarter for us, and all of the regions have contributed to this strong growth, led by a very impressive upturn in the EBIT contribution by our South American operations - up 49% from Q1 last year.

Given our strong results and excellent outlook, we are increasing our quarterly dividend by 2 cents to 18 cents per share. This is our 8<sup>th</sup> increase in 6 years.

In addition to these strong financial results, we also maintained our excellent safety performance, dropping our LTI frequency to 0.46.

To tell you more about our financial results, I'll turn the podium over to Mike Waites.

...Mike.

## Doug Whitehead – Conclusion

Thanks Mike.

We are all very pleased with our first quarter results and there is no doubt that the outlook is positive. Commodity prices remain strong, providing excellent returns to our resource industry customers. We continue to see a very high level of capital investment in mining both in western Canada, including Alberta's oil sands, and in South America as well.

For example, last week we announced another major sale of mining trucks. Nineteen 797s, the largest mining trucks in the world, worth over \$100 million, will be delivered to Albian Sands Energy for their new Jackpine, and existing Muskeg River oil sands mines near Fort McMurray.

In 2007, we expect our Canadian and South American operations to put in another strong performance.

In the UK, economic conditions are fairly good and we're seeing growth in the construction, coal mining and electric power generation markets. These healthy economic conditions continue to drive new equipment sales.

We ended 2006 with a record order backlog of over \$1.5 billion, up 60% from year-end 2005 levels. At March 31<sup>st</sup>, our backlog increased again, by almost 23% to the \$1.9 billion mark. This is the highest level in Finning's history, and with the latest oil sands truck order, the backlog will reach roughly \$2 billion. The backlog gives us excellent visibility for new equipment sales for the balance of 2007 and into 2008 with some significant new mining truck orders for delivery in 2009 and 2010 as well.

Keep in mind that when our new equipment sales grow, we set the stage for future growth in our parts and service revenue. Every piece of equipment we sell generates many additional opportunities to provide ongoing maintenance and parts support. Delivered effectively, these services help customers maximize equipment uptime while minimizing costs. And they benefit us by providing a predictable stream of high-margin revenue, while building customer loyalty to Finning.

For these reasons, we are sharply focused on capturing a larger share of the parts and service business on the equipment we sell. We've already made significant progress in linking multi-year maintenance packages to our mining trucks. But we can go further. We've set a goal of increasing our customer support revenues to \$2.7 billion by 2010 – double our 2005 level. The way we'll get there is by providing complete solutions to more customers in more sectors.

“We service what we sell”, was Earl Finning's philosophy when he founded the company. Today we're fostering this same philosophy but taking it several steps further.

It's a strategy that requires infrastructure - and people.

We already have an extensive branch network in place, and our new remanufacturing facility in Edmonton and rebuild centres in Antofagasta and La Negra, Chile have further expanded our capabilities. We will continue to strengthen our service infrastructure with information technology investments that support our parts and service offering.

On the people front, we know that highly engaged people play a key role in delivering great service. During 2006, we welcomed over 1,800 new employees to Finning, the vast majority in service-related positions. We plan to hire hundreds more in 2007. Finding the right people isn't easy in the current tight labour market, but we've become very innovative in our approach and have had good success.

Great People. Great Solutions. Great Results. This is our new mission statement and it aptly describes our mindset. We are transforming Finning into a service company that sells equipment. We strongly believe this is the path to continued revenue growth, enhanced profitability and greater returns for shareholders.

Before I close, I want to acknowledge the role of the many people who helped us achieve such strong results in 2006 and will help us achieve our objectives in the coming years...starting with our employees.

Improving revenue in the current economic conditions is relatively easy. Improving profitability is not. Thanks to the efforts of our employees, Finning is doing both.

I also want to acknowledge our partners at Caterpillar who play such a critical role in our success.

And I thank our Board of Directors for their continued guidance and support. Three of our current directors are retiring this year - Tim Howden, Jim Dinning and Jeff Mooney. I'd like to pass along my thanks for their guidance over the years. I'd also like to welcome our three new directors: John Reid, Bruce Turner and Kathleen O'Neill.

And I want to extend a thank you to Mike Waites for his contribution. Mike resigned from the Board in early 2006 when he accepted the position of CFO.

Finally, I thank you, our shareholders, for your continued confidence in Finning.

We look forward to building on our past achievements as we continue to drive results in the only direction that counts. Up.

That wraps up our formal remarks for today. At this point we'll open the meeting to questions.