

Doug Whitehead, President & CEO
Finning International Inc.

Remarks – Annual General Meeting - May 6, 2008
(check against delivery)

Thank you Conrad.

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

One of the privileges of leading a company like Finning is getting to stand here each year and tell you about the many things our people accomplished the year before. You've always been good about indulging me in this, perhaps because we don't serve lunch until after we wrap up the speeches. Well, today marks my last formal opportunity to address you as the President and CEO of Finning.

And I want to talk not so much about what we accomplished in 2007, but about what we've achieved together in the past 10 years. 2008 also marks our 75th anniversary – a very important milestone for us, for employees, for Cat, and for our customers.

Once I'm done, I'll pass the podium over to Mike Waites, who becomes our new President and CEO effective today. Mike will tell you more about our 2007 results, our first quarter 2008 results and about what he sees ahead for Finning. Afterwards, Mike and I will be available to answer your questions.

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

Looking back to when I joined Finning almost 10 years ago, it was a very challenging time for the resource based industries that we serve. The Asian economic crisis was affecting many different sectors of the economy. The forest

industry was troubled. The B.C. economy was stagnant. And commodity prices were declining.

While it seems hard to imagine from today's perspective, oil prices had fallen to below \$12 a barrel versus \$120 recently. Copper prices were around 75 cents a pound versus \$4.00 recently. And the average price for an ounce of gold was below \$300 compared to almost \$1,000 recently. The cost of producing commodities exceeded the prices you could sell them for. Many of our customers' factories and mines were shut down. Drill rigs were parked. Government infrastructure spending on highways, roads, water and sewer systems was stagnant.

These were tough market conditions for a heavy equipment dealer. Finning's share price had fallen to \$9.00 (pre-split). We were viewed by financial markets as a small forestry dependent equipment dealer and our debt was too high.

But what set Finning apart was our focus on supporting our customers with parts and maintenance services through those difficult times, the times when the existing old fleets had to be 'babied along' until investing in new equipment became economically viable. I was COO of the company initially and it gave me a close view of the "can do" attitude of Finning employees and the resiliency of Finning - a company that has never failed to turn a profit in each and every one of its 75 years.

In those challenging times, we had to look closely at how we created value for shareholders. We set out to grow 15% per year – both top line and bottom line, achieve an ROE of 20% and keep our debt under control.

We decided to narrow our focus to five key disciplines:

- To be exclusively a Cat dealer, divesting businesses that didn't fit.

- To maximize market share for Cat products so that we had economies of scale and competitive superiority.
- To maximize our presence in world low cost regions such as the Oil Sands and Chile's copper mines.
- To maximize service agreements that assured a steady stream of profitable parts revenue.
- To grow steadily but prudently.

We wrapped this focus up in a vision: "We will be Caterpillar's best global business partner, providing unrivalled services that earn customer loyalty."

This vision has framed everything that we have done over the past ten years. It had guided us to the position of CAT's largest dealer - by a wide margin.

In addition to the focus on our parts and service business, uncertain economic times also presented us with acquisition opportunities - opportunities to grow our business geographically as well as by industry and by business line. In retrospect, not all our acquisitions worked out as well as we would have liked. But we faced up to our mistakes and exited those businesses (such as Materials Handling and Tool Rentals) that failed to deliver the required return on capital.

But most of our initiatives were successful. We expanded our presence in South America by acquiring Cat dealerships in Argentina, Bolivia and Uruguay. In the UK, we added the rental business (Hewden) to address the UK customers' preference to rent rather than own equipment. We have since narrowed our focus in the rental market to what we call 'Plant Plus' – which is rental of small to medium size construction equipment to professional contractors.

Another important growth area that came into the spotlight is our power systems business. We formed a distinct global power systems division in 2001 with a goal to achieve \$1 Billion in revenue by 2008. As part of this, we acquired numerous

engine distributorships for Perkins and MaK in our three geographic areas. While we haven't yet achieved the billion number plateau, I am sure Mike's leadership will get us there in short order.

In addition to our acquisitions, we have continued to expand our branch network and service capabilities in Western Canada and South America. We have also made substantial investments in our remanufacturing and rebuild capabilities. And most recently, the addition of the Collicutt facilities and people have helped support the large amount of new equipment preparation work in Western Canada and will house our new mining equipment centre of excellence.

In short, we have become very successful in positioning Finning as a leader in providing equipment, parts and service to heavy equipment operators in many industries. And as commodity prices recovered (and then boomed) and demand for new equipment grew, we were there to meet that demand and offer service solutions to maintain our customers' expanding fleets.

Delivering outstanding service is what Finning does best, giving rise to our mission – Great People, Great Solutions, Great Results. In practice, this means staying involved with our customers' equipment through its entire life: from initial sale to ongoing maintenance, repair and remanufacturing of major components and even complete rebuild to a like-new unit complete with warranty.

These fundamental strategies support our focus on long-term growth, our focus on profitable growth. Which brings me to Finning's excellent track record of creating value for our shareholders.

In the past eight years, we've taken revenue from \$2.2 billion to \$5.7 billion, an average annual growth rate of 12.6%. And this was at a time when the Canadian dollar strengthened 50% against the US dollar.

Our profitability has grown even faster: we tripled our earnings before interest and income tax over the same period, achieving a compound annual growth rate of 15.0%. 2007 was a particularly strong year, with consolidated EBIT climbing 22% to \$456 million. Mike will provide more detail on this shortly.

Earnings per share have seen a similar strong growth, with a compound annual growth rate of 19.6% since 1999.

Most satisfying of all is that we've been able to share our gains with investors. We have increased dividends 10 times in the past eight years, often more than once during a year. After today's increase, our indicated annual dividend is 44 cents. Going forward we intend to gradually increase the dividend payout ratio to 25-30% of net income.

Our return on equity was 16.8% in 2007 – the best in a decade, and another step to the 20% ROE goal.

In 2007, we delivered a total return to our shareholders of over 21%. If you look at the share value only, the compound annual growth rate over the longer periods was 17% over 5 years, 12% over 10 years and 13% over 20 years.

We didn't get every part of the strategy perfect every year, but we achieved our objective of becoming a strong, diversified, service-oriented company while continuing to grow our earnings.

As I reflect on the main reasons for this success, I have arrived at the following:

1. The incredible strength of the Cat product and brand in our marketplace.

2. The decisions made by my predecessors to re-position Finning into Alberta oil sands and Chile copper mining.
3. The unprecedented boom in oil, copper, gold, and coal prices.
4. The superb execution of the parts and service strategy by a talented team of Finning employees.

More important than the financial results, however, are the intangible but enduring strengths and investments that have been developed in the last decade.

1. Safety Performance – We have come from being very average here to world class with a Lost Time Injury Frequency of just 0.52 in 2007.
2. Governance – We have consistently been ranked in the top quartile (often the top decile) in governance practices. Our control systems are much more robust. Our risk management processes are solid.
3. Management Development - We have worked hard to develop a team of managers and executives with a diverse set of international experiences. Succession planning processes are actively managed.
4. Employee Engagement – We achieve consistently strong scores against our peers in this important area.
5. Corporate Reputation – Our customers see us as a partner rather than just a supplier. Our relationship with Cat has never been better and we are respected by all our stakeholders for delivering on our promises.

Now, these investments are enduring – so too are the wonderful legacies that were passed on to me. And it is a real pleasure to be able to pass all this on to Mike Waites, who I am sure will take Finning to new heights over the next decade. I'm confident that Mike is precisely the right person for the job.

And I believe that as Finning marks its 75th anniversary this year, we are more resilient than ever and better positioned to capitalize on growth opportunities.

Before I close I want to acknowledge some of the people who helped get us here.

To our Board of Directors and especially to our Chairman, Conrad Pinette.

Conrad – thank you for your support at times when I needed it most.

To our senior management team - the current team, but also those who have retired recently. You've made my job a great deal easier by being so very good at yours.

I want to pay special tribute to Caterpillar, the world's finest heavy equipment manufacturer – they are a superb business partner.

And I thank our customers for trusting us to keep their business on the move. Thank you for your business and rest assured that Finning's commitment to service is stronger than ever.

Of course none of our achievements would be possible without the trust and support of our shareholders. It is your investment that has enabled Finning to grow and prosper all of these years.

Finally, on a personal note, I want to thank:

1. Elsie Friend – my executive assistant who has been with me for most of my Fletcher and Finning days. Elsie, you've been very loyal and supportive, and talented in your role.
2. My daughter Ashley – who has matured splendidly, despite my frequent absences due to the demands of a CEO role.

3. My Wife Wanda – who, in addition to having a remarkable business career of her own, has been wise counsel to me. Incredibly supportive and understanding through the toughest of times. I would not be where I am today if it wasn't for you!

In summary, it has been my privilege to be part of this great B.C. success story called Finning. Thank you for giving me that opportunity. With that I'll turn both the podium and the Company over to Mike Waites.

...Mike.