

**Mike Waites – President & CEO  
Finning International Inc.**

Remarks - Annual General Meeting - May 14, 2009  
(check against delivery)

Thank you, Doug.

Good morning everyone. Welcome and thank you for joining us. I want to start today by telling you a story. It is a story about two employees, Moe Prieur and Kirt Laing who work for Finning in Northern Alberta.

Their story takes place on a weekend when Moe and Kirt were off work enjoying a leisurely Saturday – that is, until duty called. One of our customer's off-highway trucks, a 55-metric-ton Caterpillar 773, had sustained significant wheel damage, which rendered the unit inoperable. Now, under normal circumstances it takes about one week to order and deliver this particular wheel. But Moe and Kirt understand the importance of maximizing productivity for our customers. They know that in order for our customers to operate at the utmost efficiency, we need to be there for them wherever and whenever they need us. With that in mind, they immediately launched a search for a replacement wheel from our inventory across Western Canada. When that didn't yield an immediate solution, they decided to reach out to our other customers until they managed to find one willing to lend a wheel that same day. Having located a replacement, Kirt then personally travelled to pick up the wheel and make the delivery to the customer's mine site. With Moe and Kirt's speedy assistance, the customer had their truck back up and running a full week early.

Why am I sharing this particular story with you today? It is because I believe this story reveals much about Finning. From our earliest days when we proudly proclaimed that we service what we sell. Service has been at the root of Finning's long-standing tradition of success. It is how we have survived and thrived through past downturns, and it is how we will attain our future goals. In short, it is through our commitment to providing outstanding product support.

But, you may be wondering, does service give Finning a definable business advantage and competitive edge? Without question, I believe that it does. Finning service provides measurable benefits to our customers, including improved productivity, increased revenue and reduced costs, to name just three. This enables our customers to compete and win, here in Canada and around the world. And it gives Finning a competitive advantage, because we have become closely linked to our customers' success.

I personally believe that many organizations that are facing the most severe challenges in today's economy are those that have lost sight of their customers. Finning has kept our customers front and centre, and I believe this is our greatest

strength. Specifically, it is our service capability, together with Caterpillar's high quality products, that enables us to drive profitability and achieve our strategic goals.

As you know, we have been pursuing a consistent growth strategy at Finning that has generated tremendous operating results and enabled us to maintain our leadership position as the largest dealer of Caterpillar equipment in the world. In 2008, we continued to advance our company's strategy through our relentless focus on product support. At the same time, we pursued our strategy of dominating the market for large machines.

Demand for large equipment has surged in recent years thanks to robust mining activity, oil sands development and increased infrastructure construction spending in our exclusive territories. This has translated to strong growth in new equipment sales, particularly between 2003 and 2008. Our recent milestone delivery of the 200<sup>th</sup> Cat 797 to the oil sands illustrates this point. While it took Finning eight years of steady growth beginning in 1999 to reach the 100<sup>th</sup> delivery mark, it has taken only an additional two years to double the 797 fleet.

The resulting large fleet of machines in our territories is a catalyst for continued growth in the crucial customer support services area of our business. Large machines generate more parts and service revenue than any other type of equipment, and the service requirement increases the more the equipment is used. We took advantage of this opportunity in 2008 by aggressively growing our customer support revenue to a new record of \$1.9 billion, 12 per cent higher than in 2007. And, we fully intend for these numbers to climb in 2009 and beyond. Our goal is to reach \$2.3 billion in customer support revenues by 2010.

Achieving this target requires the right customer support infrastructure, people with the skill set to work on this equipment, and a culture that brings a can-do attitude to delivering solutions around the clock. Finning has all of these capabilities, and in 2008 we continued to take steps that will position us for greater growth.

In our Canadian operations, we added a modern new facility, lean manufacturing capability and a highly skilled team through last year's acquisition of Collicutt Energy Services. Our new facility, which is known as the Centre of Excellence, has enabled us to centralize our large machine overhauls and rebuilds, as well as our new machine preparation. While the Centre of Excellence does represent a sizeable investment for us, I believe it is absolutely necessary to achieve our long-term strategy and will turn out to be a great asset for us in the future. The facility furthers our strategy of dominating the sales and servicing of large machines in Western Canada and gives us excellent potential for operating leverage as volumes return.

We opened a similar facility in Northern Chile in 2008, called the La Negra Truck Shop. This facility assembles mining equipment and rebuilds and refurbishes these machines for second and subsequent lives. And we added to our service capability in South America by opening a large new Parts Distribution Centre in La Negra earlier this year.

Across our global operations, we are also investing in a powerful new IT system that supports all of our business processes, and particularly our service offering. Importantly, as part of this system development project, we are re-evaluating all of our business processes to make sure we are doing things in the most efficient and effective way. The end result will bear significant cost savings and efficiency improvements.

And, to ensure we have the best qualified technicians in the industry, we continued to promote technical training both within and outside of the organization. As an example, we joined with Caterpillar to donate \$3 million to the Heavy Equipment program at the Northern Alberta Institute of Technology last year, training our service technicians of the future.

All of these investments support our long-term strategy and ultimately they support our financial success. 2008 is a case in point. Despite stiff economic headwinds, Finning achieved many successes and generated good operating results in 2008. To tell you more about those results, I would now like to turn the podium over to David Smith, our CFO.

## **Conclusion**

Thanks Dave.

Clearly, we are moving forward in a very different market environment from the one we enjoyed over the past six years. The global recession, lower commodity prices, reduced growth expectations and investors' aversion to equity risk are all significant factors affecting the value of our stock.

While we cannot change these external factors, we can and will continue to execute on our strategies and take this time to make Finning a stronger, more efficient and even more resilient company. Our focus remains on value creation, and I am convinced that we have the right strategies in place to dominate our business and to drive long-term shareholder value.

In the near term, our focus will be on improved generation of free cash flow. We intend to free up working capital tied up in inventories and accounts receivable. We will also tightly control our capital expenditures and virtually eliminate net additions to our rental fleet in 2009.

Our business model gives us a good degree of freedom in this regard; in that we don't have large mandatory maintenance capital expenditures or other committed expenditures that must be reinvested each year. We are largely a distribution business and not particularly capital intensive. This means that we can tightly manage our capital expenditure until such time as market conditions or opportunities warrant a change of direction.

Let me emphasize that while we are pursuing operating efficiencies in the near-term, we are not taking our eyes off our longer-term strategies. I remain fully committed to our objective of dominating the mining sector and to continuing to grow and build our core large equipment and product support businesses.

Looking at our strategic priorities by geographic market, In the UK, we will pursue our large machine strategy as we continue to see opportunities in the coal mining and infrastructure sectors.

In Canada, although oil prices are down from a year ago and some new projects have been delayed, all of the existing oil sands mines remain fully operational, and projects like Horizon and Jackpine are moving forward this year. As well, development of the large Kearl project is also moving ahead. We continue to see opportunities in the oil sands.

We are also anticipating another fairly good year from Finning South America in 2009. Our largest mining customers there are amongst the lowest cost copper producers in the world, and we expect that they will continue to generate strong demand for parts and service.

Plus, we are focused on achieving our customer support revenue goal of \$2.3 billion by 2010. This will be a key target for us as we work to balance the impact of softer demand for new equipment. To meet this objective, we will continue to invest judiciously in our facilities, in our people and in training while carefully managing our costs in 2009.

As I said at the outset, it is Finning service, in combination with Caterpillar products, which differentiates us in the market place. And so in closing today, I want to take a moment to acknowledge those who are most responsible for delivering Finning's legendary service - our people. Employees like Moe Prieur and Kirt Laing and roughly 13,000 others throughout our operations who have made Finning the leading equipment and service supplier in our regions. You are the best in the business and it is a privilege to work with you every day.

I also want to thank our country presidents who helped us achieve the second best operating results in our history in 2008. They are all here with us today, and I would ask that you stand up as I mention your name: Dave Parker who heads up Finning Canada; Juan Carlos Villegas, Finning South America; and, Andy Fraser, Finning UK.

I want to acknowledge our Board of Directors, each of whom has provided such strong support and guidance in my first year as CEO.

My thanks also go to our partners at Caterpillar who play such a critical role in our success.

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

I remain very confident that we are driving the right strategy for our customers, our business and our shareholders. We are focused on executing that strategy while remaining steadfast in our commitment to deliver the art of service.

That wraps up our formal remarks for today. At this point, I will turn the meeting back to our chairman.