FINNING INTERNATIONAL is the world’s largest Caterpillar equipment dealer delivering unrivalled service to customers for 80 years. Headquartered in Vancouver, British Columbia, Canada, Finning employs over 15,300 people worldwide and operates in:

- Western Canada (Alberta, British Columbia, Yukon, the Northwest Territories and the portion of Nunavut);
- South America (Chile, Argentina, Bolivia and Uruguay); and
- The United Kingdom and Ireland.

Finning sells, provides parts and service, and rents equipment and engines to customers in various industries including mining, construction, power systems, petroleum and forestry. Finning delivers solutions that enable customers to achieve the lowest owning and operating costs while maximizing equipment uptime.

DRIVING VALUE

- Geographic and industry diversification
- Strong market positions in some of the most resource-rich territories in the world
  - Oil sands in Canada
  - Copper mining in Chile
- Resilient product support business
  - Large installed equipment population
  - Unparalleled product support capability and capacity
- Strong customer relationships
- New products and services
  - Shovels and drills – full range of mining products
  - CAT 795 electric drive truck
- Focus on operational excellence and consistent execution
FOR FINNING, 2012 WAS A YEAR OF STRONG GROWTH AND CONTINUED MOMENTUM IN OUR BUSINESS. Throughout the year, we executed well while continuing to invest for the future. Our uncompromising focus on providing value to our customers and continued advancement of our strategy enabled us to accomplish record financial results and generate value for our shareholders.

This performance was the result of the hard work of more than 15,300 Finning people and their dedication to repositioning the company over the past several years. In the context of market uncertainty, we have continued to focus on the things we control. We have worked steadily to improve profitability, expand customer service capabilities and build a culture of high performance to support us in creating our own future. These steps support us in operating at a consistently higher level of profitability throughout the business cycle. Our performance in 2012 affirms we are on the right track to maximize the full value potential of Finning.

2012 FINANCIAL AND OPERATING HIGHLIGHTS
For those familiar with our company, you know that there is no higher priority than the safety of our people. This is a core value that underpins every decision we make. In 2012, each of our operations continued to devote significant effort to build on our strong foundation of rigorous processes and ongoing training to reach our ultimate goal of operating without injuries.

We also entered 2012 with a clear focus on improving profitability through operational excellence while capitalizing on the strong demand for our products and services. We made great progress on both measures. Our Canadian business accomplished a pronounced turnaround in operating profitability demonstrating steady improvement throughout the year. In South America, we achieved strong growth while maintaining excellent profitability. The UK and Ireland team demonstrated continued tenacity improving their operating performance in a tough environment. Notably, the team’s marketing efforts were recognized by an independent panel including academic and industry practitioners who awarded Finning the Caterpillar Europe, Africa and Middle East (EAME) Dealer Marketing Award 2012.

Our strong top and bottom-line results attest to the strength of our strategy and ability to execute on our priorities. The year was record-breaking in many important respects, namely, we:

• Posted annual revenues of $6.6 billion. New equipment sales increased to $3.1 billion and product support revenues exceeded $2.8 billion.
• Generated EBITDA of $709 million

Our uncompromising focus on providing value to our customers and continued advancement of our strategy enabled us to accomplish record financial results and generate value for our shareholders.”

Mike Waites,
President and Chief Executive Officer
• Achieved 31% EBIT growth to $496 million. Expanding our EBIT margin has been a key focus and we achieved sequential margin improvement throughout 2012.
• Grew basic EPS 30% to $1.96
• Delivered return on equity of 23.5%

These record results reflect the fundamental strength of our business. We have a strong management team focused on implementing a solid strategy that aims to generate additional value from our business. Across all geographies and at all levels of our company, our employees share a unifying vision to provide unrivalled services that earn customer loyalty. The territories we operate in include some of the most resource-rich areas in the world, and provide great opportunities to capitalize on growth in infrastructure and increasing energy needs. We have the technical expertise and capacity to serve a broad range of industries and capture product support for the aging and ever expanding machine population in our territories. Importantly, the powerful combination of Caterpillar product and Finning service provides a compelling customer value proposition and sustainable competitive advantage.

**OUR STRATEGY IN ACTION**
To build on our company’s strong foundation, we work hard to anticipate and adapt to industry trends and our customers’ evolving needs in ways that complement our existing strengths. This is evidenced by our ongoing investment in strengthening our service capacity and capabilities to offer integrated solutions that add value for our customers. In 2012, we took significant strides to augment this advantage.

Early in the year, we announced our intention to acquire the former Bucyrus distribution and support business across our territories. The subsequent purchase and smooth integration of this business in 2012 is a testament to our employees’ incredible teamwork as well as our great collaboration with Caterpillar. Through this acquisition of shovels and drills business, we significantly expanded our product portfolio and gained over 900 talented people, with 690 joining our South America team and 210 becoming Finning Canada employees. The deal is a game-changer in the mining industry as we can now meet customers’ entire surface and underground mining needs with the broadest product line in the industry. The acquisition underscores our commitment to our mining customers and strengthens our leadership position in this key sector. We are already seeing the benefits as we have capitalized on significant new opportunities and the business has been accretive to earnings from the start.

We also took an important step to expand our mining support infrastructure in the oil sands region of central and northern Alberta with the opening of a new 16-bay service facility in Fort McKay. This world-class facility features numerous environmental features, including a roof designed to capture 70 per cent of all rain water which will be used to clean equipment in the wash bay. Once fully operational, we expect to employ about 400 employees to capture the significant potential.
product support opportunity in the oil sands. While our plan is to ramp up operations gradually, we are already operating ahead of plan with more than 80 technicians servicing clients 24 hours a day, seven days a week.

Our UK and Ireland team enhanced our power systems capabilities with two strategic deals. We acquired the exclusive rights to sell and service the full range of Komptech products, including shredding, separation and composting equipment in the UK and Ireland. The combined Finning and Komptech product range is the most comprehensive and diverse offering from a single distributor in the waste and recycling sector and provides customers with a market leading end-to-end equipment and support proposition. We also acquired Damar Group Limited, a multi-disciplined service provider delivering civil, mechanical, and electrical engineering, design and construction solutions for customers. The deal strengthens our technical capabilities in key markets, such as the water industry.

The Bucyrus deal is a game-changer in the mining industry as we can now meet customers’ entire surface and underground mining needs with the broadest product line in the industry. The acquisition underscores our commitment to our mining customers and strengthens our leadership position in this key sector.”

Mike Waites,
President and Chief Executive Officer

BRIGHT FUTURE
As a result of our efforts, we entered our 80th anniversary year as a much stronger company, well-positioned to generate value to our shareholders. We have many means of driving revenues in a slow growth environment, particularly by capitalizing on product support demand and a full-year of opportunities with the new shovels and drills business. We will execute with a continued focus on operational excellence to drive margin expansion and further strengthen our financial position.

Let me close by acknowledging the important contribution of Caterpillar, our strategic partner, to our continued success. I will also take this opportunity to thank the Board of Directors and you, our shareholders, for your support. Finally, I’d like to express my pride in the worldwide Finning team for their dedication to our customers. It has truly been an honour to lead Finning since becoming chief executive officer in 2008. While I prepare to retire from my position as president and CEO in 2013, I leave with full confidence in Finning’s continued success and the way in which we are building on our storied past to create an even brighter future.

Sincerely,

Mike Waites
President & Chief Executive Officer
Throughout 2012, we maintained our focus on the execution of our strategy. At the same time, we delivered on our commitment to improve operating profitability and set numerous financial records. We remain focused on consistently executing on our strategic priorities and delivering on our financial targets to create long-term value for all our stakeholders.

Our long-term success is made possible in part by our strong culture of accountability, integrity and excellence in corporate governance. Finning’s Board of Directors and management are committed to the highest corporate governance standards which are critical to the Company’s efficient and effective operation in a manner that enhances value for our shareholders.

Finning’s Board believes that dividends are an important component of total shareholder return, and is committed to raising the dividend consistent with sustainable business growth. In 2012, the quarterly dividend was increased by 8% to $0.14 per share.

Over the past few months, our Board of Directors has undergone two changes. On behalf of Finning’s Board, I would like to welcome Mike Wilson to our Board. Mr. Wilson is currently president and chief executive officer of Agrim Inc., who brings more than 30 years of international and executive management experience in the agricultural and chemical industries. I would also like to take this opportunity to recognize the contributions of Mike Waites, who announced that he will retire as Finning’s president and chief executive officer and not seek re-election as a director in 2013.

Mike has made an invaluable contribution to Finning over the past 10 years, first as a member of the Board of Directors, then as executive vice president and chief financial officer, and over the past 5 years as both a board member and CEO. As president and CEO, Mike’s dedication, wisdom and leadership has been instrumental in guiding Finning through times of tough economic instability to achieve considerable growth.

On behalf of the entire Board, I would also like to thank our employees across all operations for their hard work and contribution towards driving value for our customers and shareholders.

For a more detailed discussion of our corporate governance policies and practices, I encourage you to review Finning’s management proxy circular and visit the governance section of www.finning.com.

On behalf of the Board of Directors,

Douglas W. G. Whitehead
Chairman of the Board

Finning’s Board of Directors and management are committed to the highest corporate governance standards. Looking into 2013, we remain focused on consistently executing on our strategic priorities and delivering on our financial targets to create long-term value for all our stakeholders.”

Doug Whitehead, Chairman of the Board
“We ended 2012 in a much stronger position than we began. We posted record revenues and earnings, and achieved sequential quarterly EBIT margin expansion. Going forward, we are well positioned to deliver on our key financial priorities which are: driving earnings growth, producing a solid return on invested capital, de-levering our balance sheet, and growing dividends.”

Dave Smith
Executive Vice President
and Chief Financial Officer
REVENUE ($ BILLIONS)

Finning achieved record revenue in 2012 with strong growth in product support and higher new equipment sales. Revenues increased across all operations driven by solid demand from mining and heavy construction, as well as the newly acquired Bucyrus business.

EBIT MARGIN (%)

The Company demonstrated sequential improvement in operating profitability throughout 2012. Expanding EBIT margin, with a fundamental shift to higher profitability, remains at the top of our strategic priorities. Our goal is to drive operating performance into a 9-10% EBIT margin range on a consistent basis.

BASIC EPS ($)

2012 EPS increased by 30% over last year and were 25% higher than the previous record. We expect to continue growing our earnings at a rate higher than revenues.

EPS – earnings per share
FINANCIAL PERFORMANCE

RETURN ON EQUITY (%)  
We are focused on driving the expected returns from significant strategic investments over the last several years to expand our product support capacity and capability. Our goal is to consistently achieve ROE above 18%.

NET DEBT TO TOTAL CAPITAL RATIO (%)  
In 2012, net debt to total capital ratio was above our target range of 35 to 45% due to funding of the Bucyrus acquisition and working capital requirements. We are committed to de-levering our balance sheet through the generation of strong free cash flow, and expect net debt to total capital ratio to be within the target range by the end of 2013.

ANNUAL DIVIDENDS ($)  
We believe dividends are an important component of total shareholder return. We remain committed to growing the dividend, consistent with sustainable business growth.
2012 REVENUE BY REGION

- Canada: 49%
- South America: 37%
- UK & Ireland: 14%

2012 REVENUE BY LINE OF BUSINESS

- New Equipment: 46%
- Product Support: 43%
- Used Equipment: 6%
- Rental: 1%
- Other: 4%

2012 NEW EQUIPMENT DELIVERIES BY INDUSTRY

- Mining: 37%
- Petroleum: 35%
- Construction: 17%
- Forestry: 5%
- Other: 3%

Other includes government, industrial and agriculture

2012 PRODUCT SUPPORT REVENUE BY INDUSTRY

- Mining: 67%
- Construction: 23%
- Power Systems: 10%

Petroleum and forestry are allocated among three main industries: mining, construction, power systems
“Through our operational excellence initiatives we intend to maximize customer satisfaction and operating profitability. Our top priorities are to improve our supply chain efficiency and service productivity by consistently applying leading processes and sharing best practices across the entire Finning organization.”

Juan Carlos Villegas
Executive Vice President
and Chief Operating Officer
Canada

“Providing superior service to customers and advancing operational excellence remain our top priorities in 2013. Our people are committed to further raise the bar on our product support capabilities and drive continuous improvement in operating profitability. We are focused on efficiency and productivity initiatives to deliver superior customer service and strengthen our competitive advantage.”

ANDY FRASER  PRESIDENT, FINNING CANADA

2012 HIGHLIGHTS
- Canada achieved 11% revenue growth to a record $3.3 billion. New equipment sales were 10% higher, reflecting robust demand from construction customers. Product support revenues were driven largely by mining and rose by 13% to record levels.
- EBIT climbed by 39% to $236 million reflecting higher revenues, improved gross profit margins and a reduction in ERP related costs. Canada delivered sequential improvement in operating profitability in each quarter of 2012 and achieved annual EBIT margin of 7.2% compared to 5.8% in 2011.
- In October, Canada successfully completed the Bucyrus acquisition and welcomed about 210 former Bucyrus employees who are now part of the new Drills, Shovels and Mining Systems group.

DRIVING VALUE
Looking into 2013, Canada remains focused on rigorous and consistent execution of its strategic priorities which center around:
- Improving operating profitability as measured by EBIT margin.
- Advancing operational excellence initiatives to improve working capital performance, increase service productivity and reduce costs.
- Leveraging recent investments in Fort McKay, Bucyrus and an ERP system to capture product support opportunities and deliver superior customer value.
- Gaining market share in construction, power systems and forestry.

While we expect slower equipment sales in western Canada in 2013, particularly to the resource sector, demand for product support is projected to remain healthy. We are prudently managing the business and are well-positioned to deliver value to our customers and shareholders.

CAPTURING OPPORTUNITIES
We serve a very diverse range of industries in western Canada and have numerous revenue growth opportunities. The installed equipment population has increased significantly over the last several years, and machine utilization remains at good levels across most industries. All this translates into sustainable demand for product support, which is expected to be a strong revenue driver in 2013. Our new 16-bay service facility in Fort McKay is operational and ramping up ahead of schedule, as we are seeing strong interest from oil sands producers and contractors. The acquisition of Bucyrus has strengthened our position as the leading provider of mining solutions. In addition, we see significant opportunities to grow market share in construction industries, including pipelines, which is supported by the on-going investment in infrastructure in western Canada. We expect that delivering world-class product support to our customers will remain the cornerstone of our success, just as it has been over the past 80 years.

CANADA REVENUE ($ MILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,207</td>
</tr>
<tr>
<td>2009</td>
<td>2,482</td>
</tr>
<tr>
<td>2010</td>
<td>2,387</td>
</tr>
<tr>
<td>2011</td>
<td>3,217</td>
</tr>
<tr>
<td>2012</td>
<td>3,277</td>
</tr>
</tbody>
</table>
South America

“We enter 2013 well positioned for success. With the expanded product line in mining, continued focus on operational excellence and our entrepreneurial service culture, FINSA remains committed to be a strong contributor to Finning’s financial performance.”

MARCELLO MARCHESE  PRESIDENT, FINNING SOUTH AMERICA

2012 HIGHLIGHTS
• South America posted record revenue of US$2.4 billion, 14% higher than in 2011, driven by product support and contribution from the newly acquired Bucyrus business. Product support revenues grew by 27% to record levels as we continued to capture strong demand from the mining and heavy construction sectors in Chile. New equipment sales were comparable to 2011.
• EBIT rose to by 22% to an all-time high of US$238 million. EBIT margin improved to 9.7% from 9.1% a year ago, reflecting leverage to record product support revenues and ongoing focus on controlling SG&A costs.
• We continued to successfully add highly skilled workers to support strong growth in our parts and service business. In 2012, South America’s workforce grew by 15% to 7,400 people, including 690 former Bucyrus employees.

DRIVING VALUE
In 2013, South American operations are set to capitalize on continued strong market activity in their territories. To keep improving its operating performance, Finning South America remains focused on the following strategic priorities:
• Driving supply chain initiatives to improve end-to-end planning processes and working capital management.
• Leveraging investments in product support infrastructure by improving shop throughput and introducing lean manufacturing.
• Managing requirements for skilled technicians in the competitive labour market. We will be able to train up to 600 mechanics annually in our new Technical Training Centre in Antofagasta.
• Capturing mining opportunities with shovels, drills and the 795 electric drive truck.

The outlook for South America remains strong, supported by long-term investment in mining projects and public infrastructure. We expect continued growth in product support, driven by mining, and robust demand for new equipment from construction and power systems.

CAPTURING OPPORTUNITIES
We have built a strong mining portfolio in South America, and expect mining equipment population to increase by ~50% in the next five years. With the addition of shovels, drills and the 795 electric drive truck, we are uniquely positioned to provide complete mining equipment solutions. Some mining customers are extending timelines on new projects due to delays related to environmental concerns, availability of energy, and shortages of skilled labour. The moderated pace of development is positive for Finning as it allows us to improve operating efficiency and achieve more profitable growth. We are leveraging our investments in service capabilities, facilities and people to continue delivering world-class product support for the growing and highly-utilized equipment population. In addition, government investment in infrastructure and energy presents significant opportunities to grow market share in various construction segments.

SOUTH AMERICA REVENUE
($ MILLIONS)
UK & Ireland

“We are committed to staying on our clear strategic path to capture value-added opportunities in Equipment Solutions and Power Systems markets. We have transformed the UK & Ireland business into a valuable asset for Finning and continue to see opportunity to grow market share and deliver further operating performance improvements in a tough economic environment.”

NEIL DICKINSON MANAGING DIRECTOR, FINNING UK & IRELAND AND EVP GLOBAL POWER SYSTEMS

2012 HIGHLIGHTS
• The UK & Ireland operations achieved 9% revenue growth to £569 million, despite a softer business environment in 2012. New equipment sales grew by 11% to record levels, benefitting from the newly acquired Bucyrus business, while product support revenues rose by 4% to a new high.
• UK & Ireland continued to improve its operating performance in 2012. EBIT of £32 million was solid and comparable to 2011. The decline in EBIT margin to 5.6% from 6.2% was largely due to a £4 million pension curtailment gain recorded in 2011.
• With the acquisition of Damar, a specialized engineering company serving water utilities, we increased our mechanical, electrical and civil engineering capability for a wide range of projects in the power systems market. We also obtained the distribution rights for Komptech, a complementary product line which now enables us to provide complete solutions to the waste and recycling industry.

DRIVING VALUE
In 2013, the UK and Ireland team will continue to change the shape of our UK business by executing on the Trusted by Experts strategy, which focuses on:
• Capturing value-added opportunities in highly segmented and competitive markets.
• Driving maximum value from strategic acquisitions, including Bucyrus, Damar and Komptech.
• Advancing operational excellence by improving efficiencies, working capital and talent management.
• Controlling costs to deliver sustainable financial performance through periods of weak demand.
• Maintaining outstanding customer loyalty.

Our UK and Ireland operations continue to face uncertain market conditions in 2013, which are expected to translate into lower business volumes. We have taken prudent steps to size the business appropriately and are well positioned to deliver solid results.

CAPTURING OPPORTUNITIES
We continue to execute on our market segmentation strategy to capture opportunities and grow market share in a diverse range of industries. We have developed capabilities to win in segments where we can add the most value to customers and grow product support. In Equipment Solutions, our opportunities lie in mining, quarrying, industrial, waste and recycling, and other heavy construction segments. In small-machine markets, such as plant hire and agriculture, we have developed a multi-channel approach, including a compact equipment sub-dealer network. In addition, we see significant opportunities in Power Systems - not only in the UK & Ireland, but also internationally - by leveraging our capabilities in engineering, procurement and construction of power projects. Our strategy is to continue growing our value-added services by working in close partnership with customers to provide innovative solutions.
CORPORATE RESPONSIBILITY

“Finning strives to take a sustainable approach to all aspects of our business. Integral to this is providing a safe and rewarding workplace and demonstrating our commitment to the environment and community. This approach is reinforced by our Code of Conduct and reflected in our corporate values.”

Rebecca Schalm
Senior Vice President and Chief Human Resources Officer

Finning is proud to be part of ‘The Coldest Journey’ which aims to raise US$10 million for ‘Seeing is Believing’, a global initiative to provide affordable eye care and fight blindness. Led by Sir Ranulph Fiennes, the world’s greatest living explorer, The Coldest Journey is an expedition attempting to complete the first-ever crossing of the Antarctic during winter. Playing an important role on the team are two Finning engineers, Spencer Smirl from Canada (left) and Richmond Dykes from Northern Ireland (right). The mechanics are responsible for servicing and driving the two Caterpillar D6N tractors, which Finning customized to tow the team’s living quarters and operate in temperatures of minus 70 degrees Celsius, across Antarctica.
SAFETY EXCELLENCE

At Finning, safety is our first priority. Each employee has a responsibility towards sustaining health and safety excellence across our operations. Consequently, Finning has distinguished itself as an industry leader in safety standards. Despite our outstanding track record, we recognize the need for constant vigilance. We continuously monitor and improve practices in order to achieve our goal of an injury-free workplace.

In 2012, our UK and Ireland division was recognized by the Royal Society for the Prevention of Accidents (RoSPA) with the Sir George Earle trophy, Britain’s top award for health and safety. Finning UK and Ireland also earned the Occupational Health and Safety Award in the Engineering Sector category. The awards program is the largest and longest-running occupational health and safety awards program in the UK.

Company-wide, our lost time injury frequency (LTIF) was 0.22, compared to 0.20 in 2011. The LTIF measures the total number of injuries resulting in lost time from work per 200,000 exposure hours. It is one of the well-established industry metrics used to monitor and improve safety performance.

EMPLOYEE ENGAGEMENT

Finning measures employee engagement through an annual survey administered by an independent research firm. Following the survey, the data gathered is analyzed and used as a catalyst for action to enhance the workplace.

In partnership with Caterpillar and its participating dealers, Finning made changes to its survey in 2012 to keep pace with evolving survey industry best practices. The change in methodology better reflects global standards and measures specific drivers that foster high-performance.

Survey participation is important as it provides a statistical measure of engagement. In 2012, we scored high on this measure with 86 per cent of employees completing the survey. Employees scored Finning high on a number of key measures, including safety at 88 per cent, corporate values at 80 per cent and workgroup effectiveness at 78 per cent. Our engagement score of 74 per cent is another indicator that our investment in people and our focus on continuous improvement are working.

ENVIRONMENTAL RESPONSIBILITY

At Finning, we are committed to conducting our business in a manner designed to protect the environment. Our commitment begins with our own operations. We regularly audit our operations to minimize environmental impacts. Employees receive training to remain abreast of laws and regulations and follow practices which meet and exceed environmental standards. To reduce our footprint, we maintain high standards for managing waste, reusing and recycling materials. We also incorporate energy efficient solutions in our facilities. In 2012, Finning Canada received an award sponsored by Philips in recognition of our investment in energy efficient lighting throughout our facilities in British Columbia.

Our business also gives us the opportunity to contribute to energy efficiency strategies and technologies in a number of ways. Our remanufacturing facilities help reduce waste, save energy and decrease the use of raw materials to produce new components. Our power systems business provides renewable energy solutions that generate power using landfill gas, sewage gas and coal mine gas which reduce pollution and emissions. In partnership with Caterpillar, we provide our customers with an ever-broader range of equipment which is more energy efficient. We also work with customers to educate operators on how to reduce equipment fuel consumption.

COMMUNITY INVESTMENT

Supporting our local communities is an important aspect of our culture and a source of employee pride. Across our global operations this support takes a variety of forms, from volunteerism and fundraising to employer matching programs as well as equipment and monetary contributions.

One key initiative is our annual participation in the United Way campaign. Partnering with the United Way is a long-standing tradition at Finning and an important way that employees demonstrate support to Canadian communities. Our 2012 campaign represented a new record with Finning employees donating over $1.4 million, including the corporate match.
DOUGLAS W.G. WHITEHEAD
Vancouver, Canada
Director since: 1999
Chairman of the Board of Directors

RICARDO BACARREZA
Santiago, Chile
Director since: 1999

JAMES E.C. CARTER
Edmonton, Canada
Director since: 2007

HON. DAVID L. EMERSON PC, OBC
Vancouver, Canada
Director since: 2008

KATHLEEN M. O’NEILL
Toronto, Canada
Director since: 2007

CHRISTOPHER W. PATTERSON
Greensboro, United States
Director since: 2010

JOHN M. REID
Vancouver, Canada
Director since: 2006

ANDREW H. SIMON, OBE
Bougy-Villars, Switzerland
Director since: 1999

BRUCE L. TURNER
Santiago, Chile
Director since: 2006

MICHAEL T. WAITES
Vancouver, Canada
Director since: 2008

MICHAEL M. WILSON
Calgary, Canada
Director since: 2013
MICHAEL T. WAITES  
President and Chief Executive Officer, Finning International Inc.

NEIL DICKINSON  
Managing Director, Finning UK & Ireland and Executive Vice President, Global Power Systems

ANDREW S. FRASER  
President, Finning Canada

MARCELLO MARCHESE  
President, Finning South America

ANNA P. MARKS  
Senior Vice President, Corporate Controller, Finning International Inc.

TOM M. MERINSKY  
Vice President, Treasurer, Finning International Inc.

REBECCA L. SCHALM  
Senior Vice President and Chief Human Resources Officer, Finning International Inc.

J. GAIL SEXSMITH  
Corporate Secretary, Finning International Inc.

DAVID S. SMITH  
Executive Vice President and Chief Financial Officer, Finning International Inc.

JUAN CARLOS VILLEGAS  
Executive Vice President and Chief Operating Officer, Finning International Inc.
## Ten-Year Financial Summary

### Operating Results

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Canadian operations</strong></td>
<td><strong>$3,277,660</strong></td>
<td><strong>$2,943,738</strong></td>
<td><strong>$2,267,742</strong></td>
<td><strong>$2,386,642</strong></td>
<td><strong>$3,216,946</strong></td>
</tr>
<tr>
<td><strong>South American operations</strong></td>
<td><strong>2,443,576</strong></td>
<td><strong>2,120,072</strong></td>
<td><strong>1,668,438</strong></td>
<td><strong>1,489,600</strong></td>
<td><strong>1,501,633</strong></td>
</tr>
<tr>
<td><strong>UK &amp; Ireland</strong></td>
<td><strong>900,893</strong></td>
<td><strong>831,100</strong></td>
<td><strong>648,425</strong></td>
<td><strong>603,678</strong></td>
<td><strong>879,777</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Consolidated</strong></td>
<td><strong>$6,622,129</strong></td>
<td><strong>$5,894,910</strong></td>
<td><strong>$4,584,605</strong></td>
<td><strong>$4,479,920</strong></td>
<td><strong>$5,598,356</strong></td>
</tr>
</tbody>
</table>

### Earnings from continuing operations

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before finance costs and income taxes (EBIT)</strong></td>
<td><strong>$496,478</strong></td>
<td><strong>$496,478</strong></td>
</tr>
<tr>
<td>As a percent of revenue</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td><strong>$337,619</strong></td>
<td><strong>$156,707</strong></td>
</tr>
<tr>
<td>As a percent of revenue</td>
<td>5.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>$2,262,458</strong></td>
<td><strong>$493,891</strong></td>
</tr>
</tbody>
</table>

### Ratios

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset turnover ratio</strong></td>
<td><strong>1.44</strong></td>
<td><strong>1.44</strong></td>
</tr>
<tr>
<td><strong>Net debt to total capitalization</strong></td>
<td>50.0%</td>
<td>48.9%</td>
</tr>
<tr>
<td><strong>Book value per common share</strong></td>
<td><strong>$9.11</strong></td>
<td><strong>$8.88</strong></td>
</tr>
<tr>
<td><strong>Return on average shareholders’ equity</strong></td>
<td><strong>23.5%</strong></td>
<td><strong>13.4%</strong></td>
</tr>
</tbody>
</table>

### Share and Per Share Data

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
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<tbody>
<tr>
<td><strong>Basic</strong></td>
<td><strong>$1.96</strong></td>
<td><strong>$0.92</strong></td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td><strong>$1.96</strong></td>
<td><strong>$0.92</strong></td>
</tr>
<tr>
<td><strong>Dividends per common share</strong></td>
<td><strong>$0.55</strong></td>
<td><strong>$0.44</strong></td>
</tr>
</tbody>
</table>

### Common Share Price

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td><strong>$29.97</strong></td>
<td><strong>$19.06</strong></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td><strong>$21.68</strong></td>
<td><strong>$10.15</strong></td>
</tr>
<tr>
<td><strong>Year end</strong></td>
<td><strong>$24.57</strong></td>
<td><strong>$16.68</strong></td>
</tr>
</tbody>
</table>

### Number of Employees

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canada</strong></td>
<td><strong>6,061</strong></td>
<td><strong>4,144</strong></td>
</tr>
<tr>
<td><strong>South America</strong></td>
<td><strong>7,422</strong></td>
<td><strong>4,954</strong></td>
</tr>
<tr>
<td><strong>UK and Ireland</strong></td>
<td><strong>1,814</strong></td>
<td><strong>2,783</strong></td>
</tr>
<tr>
<td><strong>Head Office</strong></td>
<td><strong>85</strong></td>
<td><strong>70</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,382</strong></td>
<td><strong>11,951</strong></td>
</tr>
</tbody>
</table>

### Revenue from continuing operations per employee

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td><strong>$430,512</strong></td>
<td><strong>$421,045</strong></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td><strong>$433,704</strong></td>
<td><strong>$476,010</strong></td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td><strong>$384,582</strong></td>
<td><strong>$21,949</strong></td>
</tr>
</tbody>
</table>

### Income from continuing operations per employee

<table>
<thead>
<tr>
<th></th>
<th>IFRS</th>
<th>Canadian GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td><strong>$430,512</strong></td>
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<td><strong>2011</strong></td>
<td><strong>$433,704</strong></td>
<td><strong>$476,010</strong></td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td><strong>$384,582</strong></td>
<td><strong>$21,949</strong></td>
</tr>
</tbody>
</table>

### Notes

1. In October 2012, the Company acquired the former Bucyrus distribution and support business in its Canadian dealership territory.

2. In May 2012, the Company acquired the former Bucyrus distribution and support business in its dealership territories of South America and in the U.K.

3. In February 2012, the Company acquired Damar, an engineering company specializing in the water utility sector in the U.K.

4. In August 2010, the Company was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland.

The results reported for 2012, 2011, and 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS). Prior to January 1, 2011, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles.

In addition, financial data has been restated to incorporate common share subdivision occurring during the ten year period.

1. In October 2012, the Company acquired the former Bucyrus distribution and support business in its Canadian dealership territory.

In May 2012, the Company acquired the former Bucyrus distribution and support business in its dealership territories of South America and in the U.K.

In February 2012, the Company acquired Damar, an engineering company specializing in the water utility sector in the U.K.

In August 2010, the Company was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland.

The results of operations and financial position of these businesses have been included in the figures above since the date of acquisition.
**TEN-YEAR FINANCIAL SUMMARY**

(continued)

For years ended December 31

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING RESULTS</strong> ($ thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian operations</td>
<td>$2,936,229</td>
<td>$2,612,597</td>
<td>$2,049,675</td>
<td>$1,562,584</td>
<td>$1,456,357</td>
</tr>
<tr>
<td>South American</td>
<td>1,325,582</td>
<td>1,009,906</td>
<td>1,007,341</td>
<td>869,893</td>
<td>561,964</td>
</tr>
<tr>
<td>UK &amp; Ireland</td>
<td>1,400,427</td>
<td>1,230,730</td>
<td>1,271,264</td>
<td>1,403,807</td>
<td>1,574,950</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
<td>-</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL CONSOLIDATED</strong></td>
<td>$5,662,244</td>
<td>$4,853,239</td>
<td>$4,328,280</td>
<td>$3,836,299</td>
<td>$3,593,295</td>
</tr>
</tbody>
</table>

Earnings from continuing operations

- before finance costs and income taxes (EBIT) (1)(2) $455,847 $373,708 $257,953 $271,933 $255,168
- As a percent of revenue 8.0% 7.7% 6.0% 7.1% 7.1%

Net income from continuing operations (1)(2) $280,107 $236,187 $161,672 $114,946 $131,951

- As a percent of revenue 4.9% 4.9% 3.7% 3.0% 3.7%

Free cash flow (3) $(110,704) $55,253 $98,169 $(193,984) $59,054

**RATIOS**

- Asset turnover ratio $1.36 $1.22 $1.15 $1.15 $1.09
- Net debt to total capitalization 40.8% 40.0% 46.0% 50.5% 42.5%
- Book value per common share $9.19 $9.07 $7.92 $7.50 $6.16
- Return on average shareholders’ equity (1)(2) 16.8% 15.8% 11.8% 11.0% 14.3%

**SHARE AND PER SHARE DATA**

Earnings per common share from continuing operations (1)(2)

- Basic $1.57 $1.32 $0.91 $0.73 $0.86
- Diluted $1.55 $1.31 $0.90 $0.72 $0.84

Dividends per common share $0.36 $0.28 $0.22 $0.20 $0.18

Common Share Price

- High $33.50 $23.90 $20.70 $17.70 $16.60
- Low $23.10 $18.05 $16.13 $14.43 $11.50
- Year end $28.66 $23.90 $18.57 $17.50 $15.00

Common shares outstanding (thousands) 176,132 179,090 178,404 176,780 155,510

**NUMBER OF EMPLOYEES** (4)

- Canada 4,618 4,106 3,316 2,936 2,717
- South America 4,638 3,865 3,377 3,203 2,456
- UK and Ireland 3,543 4,841 6,074 6,097 6,191
- Head Office 51 44 38 44 45

**TOTAL** 12,850 12,856 12,805 12,280 11,409

Revenue from continuing operations per employee (1)(2) $440,642 $392,605 $377,554 $338,918 $314,953

Income from continuing operations per employee (1)(2) $21,798 $18,726 $12,810 $9,360 $11,566

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2. On May 5, 2010, the Company sold Hewden Stuart Limited (Hewden), its U.K. equipment rental business. Results from that operation have been reclassified to discontinued operations for the years ended December 31, 2010, 2009, and 2008.

On July 31, 2007, the Company’s U.K. subsidiary, Hewden sold its Tool Hire Division. Results from that operation have been reclassified to discontinued operations for the years ended December 31, 2007, 2006, and 2005.

On September 29, 2006, the Company’s U.K. subsidiary, Finning (UK) sold its Materials Handling Division. Results from that operation have been reclassified to discontinued operations for the years ended December 31, 2006, 2005, and 2004. Therefore, revenue, EBIT, net income, earnings per common share, and return on average shareholders’ equity reflect results from continuing operations for those years.

3. Free cash flow is defined as cash provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in the Company’s consolidated statements of cash flow.

4. Number of employees includes all employees up to the point of sale or since acquisition.
Corporate Information
Finning prepares an Annual Information Form which is filed with the securities commission. The Annual Information Form and quarterly reports are available on the Investors section of www.finning.com

Corporate Governance Information
Please refer to Finning’s management proxy circular in connection with the 2013 Annual Meeting of Shareholders and the Governance section of Finning’s website for a full discussion of Finning’s corporate governance and corporate policies and practices, including: Board mandate and composition; Board committees and terms of references; Shareholder Rights Plan; Compliance Disclosure; Code of Conduct; Code of Ethics for Senior Executive and Financial Management; Corporate Disclosure Policy; Whistleblower Policy as well as Employee Privacy and Share Trading, Hedging and Use of Material Information policies. These documents are available on Finning’s website.

Code of Conduct
One important way that Finning promotes our values and communicates the behaviours and actions expected from our employees is through our Code of Conduct. The Code provides a common set of principles and key policies to help guide day-to-day behaviour in support of our values. All employees are required to review the Code and affirm that they understand their role in upholding Finning’s ethical standards. The Code of Conduct is available in the Governance section of www.finning.com

Annual General Meeting
May 8, 2013
2:00 pm Pacific Time
Terminal City Club
837 West Hastings Street
Vancouver, British Columbia

Investor Contact Information
For inquiries related to Finning’s operating activities and financial performance:
Mauk Breukels
Vice President, Investor Relations and Corporate Affairs
604-331-4934
investor_relations@finning.ca

For inquiries related to shares or dividends:
Computershare Investor Services Inc.
1-800-564-6253 (North America)
514-982-7555 (International)
service@computershare.com
This report contains statements about the Company’s business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company’s financial results; expected revenue and SG&A levels and EBIT growth; anticipated generation of free cash flow (including projected net capital and rental expenditures), and its expected use; anticipated defined benefit plan contributions; the expected target range of the Company’s Debt Ratio; the impact of new and revised IFRS pronouncements that have been issued but are not yet effective; growth prospects for the former Bucyrus business acquired by the Company in Finning’s dealership territories (Bucyrus) and the anticipated competitive advantages associated with the newly acquired business; expected future financial and operating results generated from Bucyrus; and the expected impact of Bucyrus on Finning’s earnings. All such forward-looking statements are made pursuant to the ‘safe harbour’ provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe Finning’s expectations as February 12, 2013. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning’s business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending; and the demand for, and prices of, Finning’s products and services; Finning’s dependence on the continued market acceptance of Caterpillar’s products and Caterpillar’s timely supply of parts and equipment; Finning’s ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning’s ability to manage cost pressures as growth in revenues occur; Finning’s ability to reduce costs in response to slowing activity levels; Finning’s ability to attract sufficient skilled labour resources to meet growing product support demand; Finning’s ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning’s employees and the Company; the intensity of competitive activity; Finning’s ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, and availability of information technology and the data processed by that technology; expected operational benefits from the new ERP system. Forward-looking statements are provided in this report for the purpose of giving information about management’s current expectations and plans and allowing investors and others to get a better understanding of Finning’s operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that Finning believed were reasonable on the day the Company made the forward-looking statements. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company’s current Annual Information Form (AIF) in Section 4.

Finning cautions readers that the risks described in the AIF are not the only ones that could impact the Company. Additional risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also have a material adverse effect on Finning’s business, financial condition, or results of operations.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.