FINNING

Press Release *November 10, 2009*

Finning reports third quarter earnings per share of $0.13 and free cash flow of $226 million

- As a result of very tough market conditions in Canada and the U.K., diluted earnings were $0.13 per share compared to $0.37 in the third quarter of 2008. South American operations continued to produce strong results.
- Free cash flow of $226 million was $233 million higher than in the third quarter of 2008. Year-to-date, the Company generated $364 million in free cash flow and expects close to $400 million in free cash flow for the full year 2009. Balance sheet strength continues with net debt to capital down to 42% from 46% at June 30, 2009.
- Selling, general, and administrative expenses decreased by $55 million or 17% year over year. The Company is proceeding with further cost reductions and is raising its annual SG&A expense reduction target from $150 million to over $200 million.
- Order intake in the quarter improved after a weak first half, driven by large equipment orders for the mining industry, including the oil sands.

Vancouver, B.C. – Finning International Inc. (TSX:FTT) today reported revenues of $1.1 billion, earnings before interest and income taxes (EBIT) of $41 million and diluted earnings per share (EPS) of $0.13 in the third quarter of 2009. Revenues declined 27% from the same quarter last year as new and used equipment sales and rental revenues were down significantly in all operations.

“It was a tough quarter. Challenging economic conditions affected our business more severely than we had expected,” said Mike Waites, president and chief executive officer of Finning International Inc. “We have generally held and, in some cases, increased market share. Our South American operations continued to deliver strong results. However, Canada’s revenue declined in all lines of business and the UK Group experienced difficult markets.”

“We have acted aggressively with additional cost reductions and efficiency initiatives and our Hewden strategic review is on track. We are committed to generate an additional $50 million of annual cost savings over and above the $150 million of savings committed to date.”

“Free cash flow increased to $226 million in Q3, driving additional debt reductions and further improved liquidity. Free cash flow is expected to approach $400 million in 2009. Reflecting our confidence in the future, as well as the Company’s strong financial position, we have maintained our dividend at $0.11 per share,” added Mr. Waites.

The Company is receiving new orders for large mining equipment. Order intake increased in the third quarter and order cancellations have virtually disappeared. Importantly, the Company believes a significant backlog of product support business is being built.

“While we expect continued uncertainty, notably in the non-mining sectors, our business is strong and strategically well positioned to take full advantage of the recovery as it occurs,” concluded Mr. Waites.

FINANCIAL HIGHLIGHTS

C$ in millions, except per share amounts	Three months ended September 30		
(unaudited)	**2009**	2008	% Change
Revenue	**1,073**	1,463	(27)
EBIT [1]	**41**	103	(60)
Net income	**22**	65	(66)
Diluted EPS	**0.13**	0.37	(65)
Earnings before interest, income taxes, depreciation and amortization (EBITDA) [1]	**107**	188	(43)
Free cash flow [1] [2]	**226**	(7)	-

- Revenues of $1.1 billion were down 27% over the third quarter 2008 due to lower new and used equipment sales and rental revenues in Canada and the U.K. Product support revenues decreased 7% year over year. The mining sector continues to generate strong product support revenues and increased over the prior year in Canada and South America. Slowdown in other sectors negatively impacted demand for equipment parts and service.

- Gross profit decreased $120 million or 28% over the prior year's quarter. Product support accounted for 43% of total revenues compared to 33% in the third quarter last year. The increase in gross profit margin due to the shift in the revenue mix to higher margin product support was offset by lower gross profit margins on all other lines of business. This resulted in slightly lower gross profit margin of 29.1% relative to 29.6% in the same quarter 2008.

- Selling, general and administrative (SG&A) expenses were $55 million (17%) lower than in the third quarter last year, reflecting cost reductions and operating efficiency improvements implemented since the fourth quarter of 2008. The Company has initiated further SG&A expense reduction measures in the quarter and now targets annual cost savings of over $200 million.

- EBIT was $41 million, down 60% compared to the same period in 2008. Consolidated EBIT margin declined to 3.8% compared to 7.1% in the third quarter of 2008 due to lower profitability from the Canadian and UK operations. South America's strong EBIT performance continued in the third quarter.

- Net income decreased 66% to $22 million. Diluted EPS was $0.13, 65% lower than the third quarter 2008 EPS of $0.37. Foreign exchange had a positive impact of $0.04 per share in the third quarter of 2009 compared to the prior year's third quarter.

- EBITDA, which is an indicator of a company's operating performance and generation of operating cash flow, was $107 million in the third quarter of 2009 compared to $188 million in the third quarter of 2008.

- Free cash flow of $226 million was generated, compared to $7 million use of cash in the third quarter of 2008, due to a significant improvement in all operations as management focused on working capital levels, including inventory reductions, improved collection, and minimal rental spend. The Company expects to generate close to $400 million of free cash flow in 2009.

- Net debt to capital was 42%, a significant improvement from 46% at June 30, 2009 and 49% at December 31, 2008. This is at the lower end of the Company's net debt to capital target range of 40 to 50%. Available committed credit facilities have increased to over $600 million.

- Backlog was $0.5 billion at September 30, 2009, down from $0.6 billion at June 30, 2009 and $1.5 billion at December 31, 2008. New order intake was lower than in the third quarter last year; however, it was 30% higher than in the second quarter of 2009. Order cancellations were minimal in the third quarter of 2009.

HIGHLIGHTS BY OPERATIONS

Canada

- Third quarter revenues decreased 35% over the same period last year primarily due to new equipment sales declining by 50%. Used equipment sales and rental revenues were down by 38% and 31%, respectively. SG&A costs were lower in the third quarter in absolute dollars as a result of headcount reductions, improved efficiencies, and lower discretionary expenses. As a percentage of revenue, SG&A costs were higher as expenses did not decline at the same rate as equipment revenues. The Company is proceeding with additional cost reduction measures in Canada to align expense levels with revenues. EBIT was $15 million compared to $64 million in the third quarter of 2008. EBIT margin was 3.0%, lower than the EBIT margin of 8.5% achieved in the third quarter of 2008 due to lower business volumes. Restructuring costs associated with reduced headcount in the quarter were $2 million. The Company expects to incur restructuring and other costs of $5 to $10 million in Canada, primarily in the fourth quarter of 2009.

- Product support revenues were not affected as much as other lines of business and were 13% lower compared to the third quarter last year. Product support in mining was up 17%; however, demand in the construction, forestry, and conventional oil & gas industries was weaker.

- Order intake improved in the third quarter following two slow quarters. Cancellations were negligible and the backlog increased for the first time in four quarters. The Company received orders for large equipment from several mining customers, including oil sands producers.

South America

- During the third quarter, revenues decreased 3% relative to the same quarter last year. Product support revenues remained strong and grew 7% in the quarter. New equipment sales were 14% lower due to continued weakness in the construction and power systems sectors. SG&A costs decreased in absolute dollars and as a percentage of revenue. EBIT was $36 million, 3% below the third quarter 2008 EBIT. EBIT margin of 9.6% was solid and slightly up from the EBIT margin achieved in the third quarter of 2008.

- Good activity in the mining sector was offset by lower demand from construction and power systems. Growth in product support revenues continues to be primarily driven by the considerable number of mining maintenance and repair contracts secured in recent years and the higher number of Caterpillar machines operating in the field. New equipment backlog was lower compared to June 2009 levels due to strong deliveries. Order intake in the quarter was the highest this year driven by an improved outlook for mining investments.

United Kingdom

- The UK Group's revenues declined 36% from the same period last year reflecting challenging market conditions in the U.K. New equipment sales and rental revenues declined 42% and 35%, respectively, compared to the third quarter of 2008. Product support revenues were down 17%. The UK Group incurred an EBIT loss of $2 million in the third quarter, compared to a positive EBIT of $17 million in the third quarter of last year. EBIT loss at Hewden was partly offset by a modestly positive EBIT at the dealership.

- Market conditions in the U.K. remained very soft in the third quarter, mainly due to continued weakness in the construction sector. Product support business was driven by active coal mining and power systems projects. Management has implemented a number of initiatives to reduce costs and dispose of surplus rental fleet in light of the current market conditions. SG&A costs are down 24% quarter over prior year quarter. The strategic review at Hewden is progressing according to plan. Further actions are expected to be taken as needed to respond to market conditions.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors approved the Company's quarterly dividend at $0.11 per common share, payable on December 11, 2009, to shareholders of record on November 27, 2009. This dividend will be considered an eligible dividend for Canadian income tax purposes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION: THIRD QUARTER AND YEAR TO DATE 2009 UNAUDITED (C$ millions, except per share amounts)

	Three months ended September			Nine months ended September 30		
Revenue	**2009**	2008	% Change	**2009**	2008	% Change
New equipment	**416.7**	672.7	(38)	**1,514.7**	2,169.3	(30)
Used equipment	**71.9**	110.1	(35)	**267.4**	308.3	(13)
Equipment rental	**125.9**	187.6	(33)	**390.6**	540.2	(28)
Product support	**456.4**	488.8	(7)	**1,421.2**	1,392.8	2
Other	**2.3**	4.0	(43)	**8.5**	14.1	(40)
Total revenue	**1,073.2**	1,463.2	(27)	**3,602.4**	4,424.7	(19)
Gross profit	**312.4**	432.7	(28)	**1,056.1**	1,282.5	(18)
Gross profit margin [3]	***29.1%***	*29.6%*		***29.3%***	*29.0%*	
SG&A	**(267.3)**	(322.3)	17	**(852.1)**	(961.1)	11
Other income (expenses)	**(4.0)**	(7.0)	43	**(27.0)**	(0.2)	-
EBIT	**41.1**	103.4	(60)	**177.0**	321.2	(45)
EBIT margin [4]	***3.8%***	*7.1%*		**4.9%**	7.3%	
Net income	**21.7**	64.8	(66)	**114.5**	202.8	(44)
Diluted EPS	**0.13**	0.37	(65)	**0.67**	1.16	(42)
EBITDA	**106.8**	187.9	(43)	**382.6**	559.7	(32)
Free cash flow	**225.6**	(6.9)	-	**363.5**	(128.5)	-

	Sep 30, 2009	Dec 31, 2008
Total assets	**3,892.4**	4,720.4
Total shareholders' equity	**1,547.8**	1,567.1
Net debt to total capital [5]	**42%**	49%

THIRD QUARTER CONFERENCE CALL

Management will hold an investor conference call on Tuesday, November 10 at 5:30 pm Eastern Time.

Dial-in numbers: 1-866-223-7781 (anywhere within Canada and the U.S.)
1-416-340-8018 (for participants dialing from Toronto and overseas)

The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 from 7:30 pm Eastern Time on November 10 until November 17. The pass code to access the playback recording is 8252734 followed by the number sign.

NEXT QUARTERLY RESULTS – February 23, 2010

Finning International's fourth quarter and annual 2009 results will be released and an investor conference call will be held on February 23, 2010.

About Finning
Finning International Inc. (TSX: FTT) is the world's largest Caterpillar equipment dealer delivering unrivalled service to customers since 1933. Finning sells, rents and services equipment and engines to help customers maximize productivity. Headquartered in Vancouver, B.C., the Company operates in western Canada, Chile, Argentina, Bolivia, Uruguay, and the United Kingdom.

For more information, please contact

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Footnotes

(1) These amounts do not have a standardized meaning under generally accepted accounting principles. For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP Measures" in the Company's management discussion and analysis that accompanies the third quarter interim consolidated financial statements.

(2) Free cash flow is defined as cash flow provided by (used in) operating activities less net capital expenditures.

(3) Gross profit margin is defined as gross profit as a percentage of total revenue.

(4) EBIT margin is defined as earnings before interest and income taxes as a percentage of total revenue.

(5) Net debt to total capital ratio is calculated as short-term debt and long-term debt, net of cash and cash equivalents (net debt) divided by total capitalization. Total capitalization is defined as the sum of net debt and all components of equity (share capital, contributed surplus, accumulated other comprehensive loss, and retained earnings).

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect 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, 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; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; anticipated generation of free cash flow, and its expected use; and expected target range of Debt Ratio. 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 our expectations at November 10, 2009. Except as may be required by Canadian securities laws, we do 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 our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we 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 our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations outside Canada. 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 our 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 we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. 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 2008 Annual Information Form (AIF) on pages 31-44.

We caution readers that the risks described in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

Except as otherwise indicated by us, 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. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

- end -

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial results of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company, including the Annual Information Form, can be found on the SEDAR (System for Electronic Disclosure and Retrieval) website at www.sedar.com.

Results of Operations

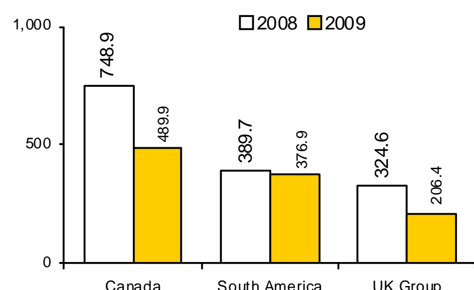
Third Quarter Overview

($ millions)	Q3 2009	Q3 2008	Q3 2009 (% of revenue)	Q3 2008 (% of revenue)
Revenue	**$ 1,073.2**	$ 1,463.2		
Gross profit	**312.4**	432.7	**29.1%**	29.6%
Selling, general & administrative expenses	**(267.3)**	(322.3)	**(24.9)%**	(22.0)%
Other income (expenses)	**(4.0)**	(7.0)	**(0.4)%**	(0.5)%
Earnings before interest and income taxes (EBIT) [1]	**41.1**	103.4	**3.8%**	7.1%
Finance costs	**(17.5)**	(21.6)	**(1.6)%**	(1.5)%
Provision for income taxes	**(1.9)**	(17.0)	**(0.2)%**	(1.2)%
Net income	**$ 21.7**	$ 64.8	**2.0%**	4.4%
Basic earnings per share (EPS)	**$ 0.13**	$ 0.38		
Earnings before interest, taxes, depreciation, and amortization (EBITDA) [1]	**$ 106.8**	$ 187.9	**10.0%**	12.8%
Free cash flow [1] [2]	**$ 225.6**	$ (6.9)		

[1] These amounts do not have a standardized meaning under generally accepted accounting principles. For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP Measures" below.

[2] Free cash flow is defined as cash provided by (used in) operating activities less net capital expenditures.

Revenue by Operation
($ millions)
Three months ended September 30



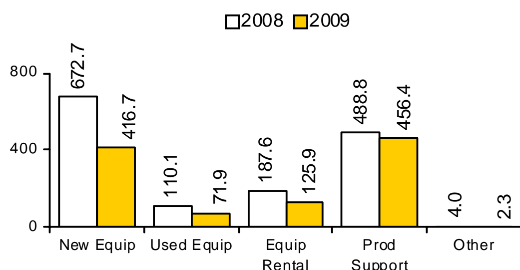
Third quarter 2009 consolidated revenues of almost $1.1 billion decreased 26.7% from the third quarter of 2008, with lower revenues contributed by all operations, but primarily from the Company's Canadian and UK operations. In spite of the revenue decline, the Company's Canadian and South American operations maintained their market share.

The decrease in revenues from the Company's Canadian operations was largely due to 50% lower new equipment sales as a result of the economic downturn. Product support revenues reflected a decline of 13.5% in the third quarter of 2009 when compared to the same period last year.

Revenues from the Company's operations in South America decreased by 3.3% compared to the third quarter of 2008, and continued to reflect solid new equipment sales and good product support revenues from the mining sector. Revenues for the third quarter of 2009, in functional currency (the U.S. dollar), decreased by 7.7% compared to the third quarter of 2008.

In the U.K., revenues were down 36.4% over the third quarter of 2008 primarily as a result of weaker economic conditions which were reflected in lower new equipment sales (down 42.4%), rental revenues (down 35.4%) and, to a lesser extent, product support revenues (down 16.7%). In local currency, revenues were 30.4% lower when compared to last year's third quarter.

Revenue by Line of Business
($ millions)
Three months ended September 30



Overall, new equipment sales were down 38.1% compared with the third quarter of 2008, mainly due to lower volumes in the Company's Canadian and UK operations.

Product support revenues in the third quarter of 2009 were down 6.6% compared with the same quarter last year. Strong equipment sales to the mining and heavy construction sectors over the past few years have driven product support sales. However, product support revenues have declined during 2009 as some customers have excess machine capacity and have managed their maintenance spending by deferring repairs or repairing equipment themselves. Product support has increased in the mining sector in both the Canadian and South American operations.

Used equipment revenues were down 34.7% compared to the prior year's third quarter. Used equipment sales vary depending on product availability, customer buying preferences, and exchange rate considerations.

Lower rental revenues (down 32.9%) were also experienced by all operations in the third quarter of 2009, particularly in the Hewden rental business. Activity in the construction market in the U.K. remains depressed and as a result rental revenues were low.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was $0.5 billion at the end of the third quarter of 2009, lower than the June 2009 level of $0.6 billion, and the December and September 2008 levels of $1.5 billion and $2.0 billion, respectively. The reduction in backlog in the quarter is due to both deliveries to customers and lower delivery lead times required for equipment. As expected, new order intake in the third quarter of 2009 was lower than last year, reflecting the economic downturn. However, new order intake in the third quarter was 30% higher than the second quarter of 2009, and cancellations were minimal. Recently, the Company has received several equipment orders for the mining industry in Chile and Canada, including the Alberta oil sands. Quotation levels are also at higher levels as mining customers are reviewing potential equipment purchases.

Earnings Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT in the third quarter of 2009 of $41.1 million decreased by 60.3% over the same period in 2008 primarily due to lower revenues and gross profit.

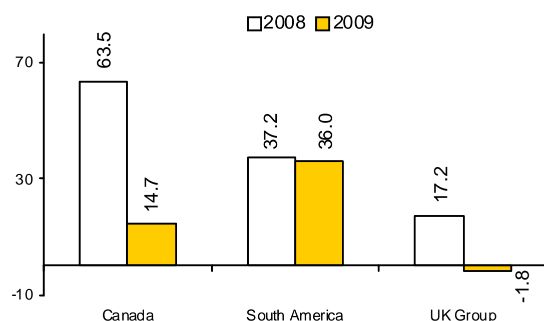
Gross profit decreased 27.8% to $312.4 million in the third quarter of 2009 compared with the third quarter of 2008, a result of lower revenues in all lines of business due to overall economic weakness. Quarterly gross profit margin (gross profit as a percentage of revenue) of 29.1% was slightly down from the prior year. Although the Company experienced a shift in revenue mix to the higher margin product support business in all operations, this was more than offset by the lower gross profit margins in new, used, and rental equipment revenues. Product support revenues made up 42.5% of total revenues in the third quarter of 2009, compared with 33.4% of total revenues in the same period last year.

Selling, general, and administrative (SG&A) costs were down $55.0 million or 17.1% in the third quarter of 2009 compared to the same quarter last year. Management has taken action to reduce the Company's cost structure in the past 4 quarters in response to the economic downturn and continues to review its costs to ensure they are aligned with business volumes and requirements. The Company expects to achieve SG&A cost reductions and productivity improvements of approximately $120 million this year, and is raising its annual SG&A expense reduction target from $150 million to over $200 million.

Third quarter results included restructuring and severance costs of $5.6 million and costs of $2.5 million related to the Company's ongoing implementation of a new information technology (IT) system for the Company's global operations. Comparatively, third quarter 2008 results included restructuring and severance costs of $2.1 million and costs of $5.7 million related to the new IT system. Also included in the results for the third quarter of 2009 was a $4.1 million pre-tax gain on the sale of certain properties, primarily in Hewden (Q3 2008: pre-tax gain of $0.8 million).

The Company's EBIT margin (EBIT divided by revenues) was 3.8% in the third quarter of 2009, down from 7.1% in the third quarter of 2008 primarily due to lower revenues and gross profit margin from the Company's Canadian and UK operations, partially offset by strong gross profit contributed by the Company's South American operations. SG&A costs declined significantly in the third quarter of 2009 compared with the same quarter last year, but the reduction was not as much as the decline in gross profit due to the fixed nature of certain costs. Management in Canada and the UK are examining further cost reduction measures to align to the lower business levels.

EBIT by Operation
($ millions)
Three months ended September 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2008 Q3 EBIT	103.4
Net change in operations	(74.4)
Foreign exchange impact	9.1
Higher restructuring costs	(3.5)
Other income, net of expenses	6.5
2009 Q3 EBIT	41.1

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA, which is an indicator of a Company's operating performance and generation of operating cash flow, was $106.8 million in the third quarter of 2009 compared to $187.9 million in the third quarter of 2008.

Free cash flow is defined as cash flow provided by (used in) operating activities less net capital expenditures. The Company's free cash flow generated in the third quarter of 2009 was $225.6 million compared to a use of cash of $6.9 million in the prior year quarter. All of Finning's operations have seen significant improvements in the generation of free cash flow compared to the same period in the prior year.

Finance Costs

Finance costs for the three months ended September 30, 2009 were $17.5 million compared with $21.6 million in the third quarter of 2008. The lower finance costs in 2009 were primarily the result of lower debt levels due to strong cash generation, improved management of working capital, and lower borrowing costs on short-term debt.

Provision for Income Taxes

The effective income tax rate for the third quarter of 2009 was 8.1% compared to 20.8% in the comparable period in 2008. The effective tax rate was lower in the third quarter of 2009 due to a higher proportion of earnings from lower tax jurisdictions and the benefit from tax adjustments resulting from the closure of previously open tax years.

Net Income

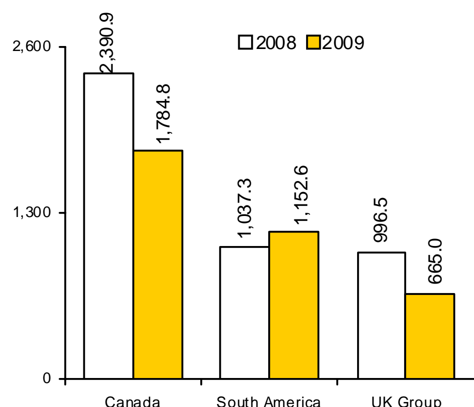
Finning's net income decreased 66.5% to $21.7 million in the third quarter of 2009 compared with $64.8 million in the comparative period in 2008.

Basic EPS decreased 65.8% to $0.13 per share in the third quarter of 2009 compared with $0.38 per share in 2008. Lower revenues and gross profit from all lines of business contributed to the decline, partially offset by lower SG&A costs.

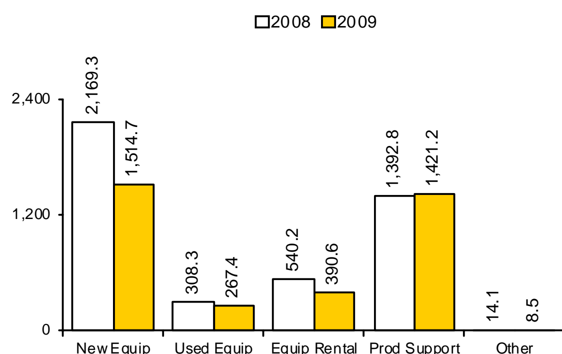
Year-to-Date Overview

($ millions)	September 30 YTD 2009	September 30 YTD 2008	September 30 YTD 2009	September 30 YTD 2008
			(% of revenue)	
Revenue	**$ 3,602.4**	$ 4,424.7		
Gross profit	**1,056.1**	1,282.5	**29.3%**	29.0%
Selling, general & administrative expenses	**(852.1)**	(961.1)	**(23.7)%**	(21.7)%
Other income (expenses)	**(27.0)**	(0.2)	**(0.7)%**	—
EBIT	**177.0**	321.2	**4.9%**	7.3%
Finance costs	**(48.8)**	(61.9)	**(1.3)%**	(1.4)%
Provision for income taxes	**(13.7)**	(56.5)	**(0.4)%**	(1.3)%
Net income	**$ 114.5**	$ 202.8	**3.2%**	4.6%
Basic EPS	**$ 0.67**	$ 1.17		
EBITDA	**$ 382.6**	$ 559.7	**10.6%**	12.6%
Free cash flow	**$ 363.5**	$ (128.5)		

Revenue by Operation
($ millions)
Nine months ended September 30



Revenue by Line of Business
($ millions)
Nine months ended September 30



For the nine month period ending September 30, 2009, revenues of $3.6 billion decreased 18.6% compared to the same period last year, with lower revenues from the Company's Canadian and UK operations. Revenue contributed by the Company's South American operations in Canadian dollars increased 11.1% in the first nine months of 2009 compared with the same period last year. In functional currency revenues from the South American operations were comparable with the same period in 2008.

On a consolidated basis, new equipment sales were 30.2% lower than the first nine months of 2008, and down in all operations in local / functional currency. Product support revenues were up 2.0%, with higher parts revenue partly offset by lower service revenue.

Used equipment revenues were down 13.3% in the first nine months of 2009 compared to the same period last year, and 27.7% lower rental revenues in the first nine months of 2009 primarily reflected lower activity in the UK rental business.

The total positive impact on revenues due to the weaker Canadian dollar relative to the U.S. dollar for the first nine months of 2009 compared to the same period in the prior year was approximately $200 million or 6%.

Earnings Before Interest and Taxes (EBIT)

EBIT of $177.0 million decreased 44.9% compared with the first nine months of 2008 primarily due to lower revenues as a result of weak economic conditions, higher restructuring costs in 2009, and significant property gains recorded in 2008.

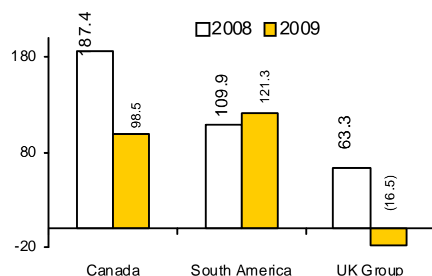
Gross profit of $1,056.1 million in the first nine months of the year decreased 17.7% over the same period last year. Gross profit as a percentage of revenue was 29.3%, up from 29.0% in the first nine months of 2008, primarily due to a shift in revenue mix to a higher proportion of product support revenues which generate higher margins. Gross margins are down in all lines of business other than product support.

SG&A costs were 11.3% lower in the nine months of 2009 reflecting the implementation of cost reductions, productivity improvement measures, and lower sales volumes. Further steps are expected to be implemented to ensure cost levels are aligned with revenues.

Results for the nine months of 2009 included restructuring and severance costs of $21.1 million and costs of $12.7 million related to the ongoing implementation of a new IT system for the Company's global operations. Comparatively, results for the nine months ended September 30, 2008 included non-recurring costs of $18.1 million related to the integration of Collicutt and restructuring costs, and costs of $11.7 million related to the new IT system. Also included in the results for the first nine months of 2009 was a $6.8 million pre-tax gain on the sale of certain properties, primarily in Hewden (year to date 2008: pre-tax gain of $17.0 million).

The Company's EBIT margin was 4.9% in the nine months ended September 30, 2009, down from 7.3% in the nine months of 2008 due to the factors noted above.

EBIT by Operation
($ millions)
Nine months ended September 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2008 Year-to-Date EBIT	321.2
Net change in operations	(197.1)
Foreign exchange impact	67.1
Gain on sale of certain properties in 2008	(10.2)
Collicutt integration and start-up costs in 2008	12.6
Higher restructuring costs	(15.6)
Other net expenses	(1.0)
2009 Year-to-Date EBIT	**177.0**

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA was $382.6 million for the first nine months of 2009 compared to $559.7 million in the same period last year.

The Company's free cash flow generated in the nine months ended September 30, 2009 was $363.5 million compared to a use of cash of $128.5 million in the first nine months of 2008. All of Finning's operations have seen significant improvements in the generation of free cash flow compared to the same period in the prior year.

Finance Costs

Finance costs for the nine months ended September 30, 2009 were $48.8 million compared with $61.9 million in the first nine months of 2008. The lower finance costs in 2009 were primarily due to lower interest rates on both short-term and long-term debt.

Provision for Income Taxes

The effective income tax rate for the nine months of 2009 was 10.7% compared to 21.8% in the comparable period of the prior year primarily due to a one-time tax adjustment in the second quarter of 2009. The income tax expense for the first nine months of 2009 was reduced by $8.5 million due to a change in the estimated tax rate in the second quarter of 2009 related to items that had been recorded directly to other comprehensive income in prior periods. The effective tax rate in the first nine months of 2009 was also lower due to a higher proportion of earnings from lower tax jurisdictions, a positive outcome related to a review by tax authorities, and the benefit from tax adjustments resulting from the closure of previously open tax years.

Net Income

Finning's net income of $114.5 million was down 43.5% in the first nine months of 2009 compared with the same period in 2008.

Basic EPS for the nine months ended September 30, 2009 was $0.67 per share compared with $1.17 per share in the same period last year. As noted above, the results from the first nine months of 2009 included non-recurring costs of $0.14 per share related to restructuring and severance costs and IT implementation costs. These non-recurring costs were partially offset by an income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above, and $0.03 per share of gains on sale of certain properties, primarily in Hewden. The results for the nine months of 2008 included $0.08 per share of gains on sale of certain Hewden properties offset by $0.12 per share of other non-recurring costs related to the integration of Collicutt, restructuring and severance, and IT implementation.

Foreign Exchange

Translation

The Company's reporting currency is the Canadian dollar. However, due to the geographical diversity of the Company's operations, a significant portion of revenue and operating expenses are in a different currency. The most significant currencies in which the Company transacts business are the U.S. dollar, the Canadian dollar, and the U.K. pound sterling. Changes in the Canadian / U.S. dollar and Canadian / U.K. pound sterling relationship affected reported results on the translation of the financial statements of the Company's South American and UK Group operations as well as U.S. dollar based earnings of the Company's Canadian operations.

Compared to the third quarter of 2008, foreign exchange had a positive impact on consolidated revenues in the third quarter of 2009 of approximately $11 million due to a weaker Canadian dollar relative to the U.S. dollar (5.5% weaker than the third quarter of 2008), partially offset by an 8.5% stronger Canadian dollar relative to the U.K. pound sterling. As a result, net income was positively impacted by approximately $0.04 per share in the third quarter of 2009 compared to the prior year's third quarter.

Similarly, net income was positively impacted by approximately $0.29 per share in the first nine months of 2009 compared to the same period last year due to the weaker Canadian dollar relative to the U.S. dollar (14.9% weaker than the first nine months of 2008), partially offset by a 9.3% stronger Canadian dollar relative to the U.K. pound sterling.

If commodity prices (and typically the Canadian dollar) weaken, Finning's business in the mining and oil sands sectors typically slows. However, this business impact is offset by U.S. dollar based earnings translating into more Canadian dollar earnings.

The impact of foreign exchange due to the movement of the Canadian dollar relative to the U.S. dollar and U.K. pound sterling is expected to continue to affect Finning's financial results. The sensitivity of the Company's net income to fluctuations in the average annual foreign exchange rates is summarized in the Risk Management Section of this MD&A.

Investment in Foreign Operations

Assets and liabilities of the Company's self-sustaining foreign operations are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Any unrealized translation gains and losses are recorded as an item of comprehensive income and accumulated other comprehensive income.

Currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period end. The unrealized currency translation loss of $142.4 million recorded in the third quarter of 2009 resulted from the stronger spot Canadian dollar against the U.K. pound sterling and the U.S. dollar of 10.3% and 7.8%, respectively, from June 30, 2009 to September 30, 2009. This was partially offset by $63.9 million of unrealized foreign exchange gains on net investment hedges.

The following tables provide details of revenue and EBIT contribution by operation and the foreign exchange impact for the three and nine months ended September 30, 2009.

Three months ended September 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q3 2008	$ 748.9	$ 389.7	$ 324.6	$ 1,463.2
Foreign exchange impact	14.9	15.4	(19.2)	11.1
Operating revenue increase (decrease)	(273.9)	(28.2)	(99.0)	(401.1)
Revenues – Q3 2009	$ 489.9	$ 376.9	$ 206.4	$ 1,073.2
Total revenue increase (decrease)	$ (259.0)	$ (12.8)	$ (118.2)	$ (390.0)
- percentage increase (decrease)	(34.6)%	(3.3)%	(36.4)%	(26.7)%
- percentage increase (decrease), excluding foreign exchange	(36.6)%	(7.2)%	(30.5)%	(27.4)%

Nine months ended September 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q3 YTD 2008	$ 2,390.9	$ 1,037.3	$ 996.5	$ 4,424.7
Foreign exchange impact	149.8	125.0	(68.1)	206.7
Operating revenue increase (decrease)	(755.9)	(9.7)	(263.4)	(1,029.0)
Revenues – Q3 YTD 2009	$ 1,784.8	$ 1,152.6	$ 665.0	$ 3,602.4
Total revenue increase (decrease)	$ (606.1)	$ 115.3	$ (331.5)	$ (822.3)
- percentage increase (decrease)	(25.4)%	11.1%	(33.3)%	(18.6)%
- percentage increase (decrease) , excluding foreign exchange	(31.6)%	(0.9)%	(26.4)%	(23.3)%

Three months ended September 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
EBIT – Q3 2008	$ 63.5	$ 37.2	$ 17.2	$ (14.5)	$ 103.4
Foreign exchange impact	4.2	4.6	0.3	—	9.1
Operating EBIT increase (decrease)	(53.0)	(5.8)	(19.3)	6.7	(71.4)
EBIT – Q3 2009	$ 14.7	$ 36.0	$ (1.8)	$ (7.8)	$ 41.1
Total EBIT increase (decrease)	$ (48.8)	$ (1.2)	$ (19.0)	$ 6.7	$ (62.3)
- percentage increase (decrease)	(76.9)%	(3.2)%	(110.5)%	46.2%	(60.3)%
- percentage increase (decrease), excluding foreign exchange	(83.5)%	(15.6)%	(112.2)%	46.2%	(69.1)%

Nine months ended September 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
EBIT – Q3 YTD 2008	$ 187.4	$ 109.9	$ 63.3	$ (39.4)	$ 321.2
Foreign exchange impact	35.8	30.4	0.9	—	67.1
Operating EBIT increase (decrease)	(124.7)	(19.0)	(80.7)	13.1	(211.3)
EBIT – Q3 YTD 2009	$ 98.5	$ 121.3	$ (16.5)	$ (26.3)	$ 177.0
Total EBIT increase (decrease)	$ (88.9)	$ 11.4	$ (79.8)	$ 13.1	$ (144.2)
- percentage increase (decrease)	(47.4)%	10.4%	(126.1)%	33.2%	(44.9)%
- percentage increase (decrease), excluding foreign exchange	(66.5)%	(17.3)%	(127.5)%	33.2%	(65.8)%

Results by Business Segment

The Company and its subsidiaries operate primarily in one principal business, that being the selling, servicing, and renting of heavy equipment and related products in various markets worldwide as noted below. Finning's operating units are as follows:

- *Canadian operations*: British Columbia, Alberta, the Yukon Territory, the Northwest Territories, and a portion of Nunavut.
- *South American operations*: Chile, Argentina, Uruguay, and Bolivia.
- *UK Group operations*: England, Scotland, Wales, Falkland Islands, and the Channel Islands.
- *Other*: corporate head office.

The table below provides details of revenue by operations and lines of business.

Three months ended September 30, 2009 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New equipment	**$ 170.9**	**$ 169.1**	**$ 76.7**	**$ 416.7**	**38.8%**
Used equipment	**42.0**	**12.8**	**17.1**	**71.9**	**6.7%**
Equipment rental	**55.8**	**10.6**	**59.5**	**125.9**	**11.7%**
Product support	**219.5**	**183.8**	**53.1**	**456.4**	**42.6%**
Other	**1.7**	**0.6**	**—**	**2.3**	**0.2%**
Total	**$ 489.9**	**$ 376.9**	**$ 206.4**	**$ 1,073.2**	**100.0%**
Revenue percentage by operations	**45.7%**	**35.1%**	**19.2%**	**100.0%**	

Three months ended September 30, 2008 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New equipment	$ 343.3	$ 196.3	$ 133.1	$ 672.7	46.0%
Used equipment	67.6	7.0	35.5	110.1	7.5%
Equipment rental	81.3	14.1	92.2	187.6	12.8%
Product support	253.7	171.3	63.8	488.8	33.4%
Other	3.0	1.0	—	4.0	0.3%
Total	$ 748.9	$ 389.7	$ 324.6	$ 1,463.2	100.0%
Revenue percentage by operations	51.2%	26.6%	22.2%	100.0%	

Nine months ended September 30, 2009 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New equipment	**$ 749.1**	**$ 520.9**	**$ 244.7**	**$ 1,514.7**	**42.1%**
Used equipment	**153.6**	**34.7**	**79.1**	**267.4**	**7.4%**
Equipment rental	**176.2**	**36.7**	**177.7**	**390.6**	**10.8%**
Product support	**699.9**	**557.8**	**163.5**	**1,421.2**	**39.5%**
Other	**6.0**	**2.5**	**—**	**8.5**	**0.2%**
Total	**$ 1,784.8**	**$ 1,152.6**	**$ 665.0**	**$ 3,602.4**	**100.0%**
Revenue percentage by operations	**49.5%**	**32.0%**	**18.5%**	**100.0%**	

Nine months ended September 30, 2008 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New equipment	$ 1,255.7	$ 497.0	$ 416.6	$ 2,169.3	49.0%
Used equipment	175.3	26.5	106.5	308.3	7.0%
Equipment rental	215.0	43.5	281.7	540.2	12.2%
Product support	733.8	467.3	191.7	1,392.8	31.5%
Other	11.1	3.0	—	14.1	0.3%
Total	$ 2,390.9	$ 1,037.3	$ 996.5	$ 4,424.7	100.0%
Revenue percentage by operations	54.0%	23.4%	22.6%	100.0%	

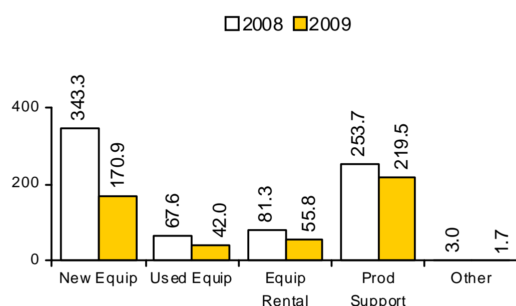
Canadian Operations

The Canadian operating segment primarily reflects the results of the Company's operating division, Finning (Canada). This reporting segment also includes the Company's interest in OEM Remanufacturing Company Inc. (OEM), which is separately managed from Finning (Canada), and a 25% interest in PipeLine Machinery International (PLM).

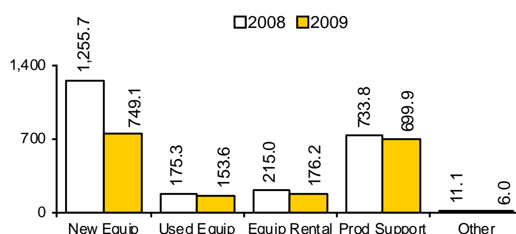
The table below provides details of the results from the Canadian operating segment:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2009**	2008	**2009**	2008
Revenue from external sources	**$ 489.9**	$ 748.9	**$ 1,784.8**	$ 2,390.9
Operating costs	**(438.7)**	(639.0)	**(1,570.7)**	(2,082.2)
Depreciation and amortization	**(33.1)**	(45.1)	**(103.0)**	(119.3)
Other income (expenses)	**(3.4)**	(1.3)	**(12.6)**	(2.0)
Earnings before interest and taxes	**$ 14.7**	$ 63.5	**$ 98.5**	$ 187.4
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**3.0%**	8.5%	**5.5%**	7.8%
- as a percentage of consolidated EBIT	**35.8%**	61.4%	**55.6%**	58.4%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 47.8**	$ 108.6	**$ 201.5**	$ 306.7

Canada – Revenue by Line of Business
($ millions)
Three months ended September 30



Canada – Revenue by Line of Business
($ millions)
Nine months ended September 30



Third quarter revenues decreased 34.6% over third quarter 2008 levels to $489.9 million, largely due to lower new equipment sales and less product support revenues due to reduced earthmoving activity and excess equipment capacity in customer fleets. New equipment sales were 50.2% lower compared to the third quarter of 2008, when record third quarter levels were achieved. Although new equipment orders continued to be significantly lower than prior year levels, new orders in the third quarter combined with minimal cancellations contributed to the first increase in backlog over the past four quarters for the Canadian operations. The existing backlog reflects future deliveries largely to the mining and power systems sectors. Demand for construction, conventional oil and gas, and forestry sectors remains soft.

Third quarter revenues from all lines of business in the Company's Canadian operations were lower than the same period in 2008. Product support revenues reflected a decline in the third quarter of 2009 of 13.5% when compared to the same period last year since, in some sectors, customers are not fully utilizing their equipment and are deferring maintenance and repairs or in-sourcing this work. Product support revenues from the mining sector continue to be strong, and increased 17% over prior year's quarter (35% year to date).

Foreign exchange had a positive impact of approximately $15 million on revenues in the third quarter of 2009 due to a 5.5% weaker Canadian dollar relative to the U.S. dollar compared to the same period last year.

In Canada, gross profit as a percentage of revenue was higher than the third quarter of 2008 due to the shift in revenue mix to a higher proportion of product support revenues which typically return higher margins than new equipment sales. Product support revenues made up 45% of total revenues in the third quarter of 2009, compared with 34% of total revenues in the third quarter of 2008. The improvement in the gross profit margin was partially offset by lower gross profit margins in new, used, and rental equipment revenues.

SG&A costs in the third quarter of 2009 were lower in absolute dollar terms, but higher as a percentage of revenue compared to the same period in 2008 resulting from lower revenues and the fixed nature of certain costs that cannot be reduced at the same rate as the revenue declines experienced in the third quarter of 2009. SG&A costs in the third quarter of 2009 reflected lower salary and wages as a result of reduced headcount as well as actions taken to reduce discretionary expenses and improve efficiencies. Most discretionary expense levels are down over the prior year and cost savings from further actions taken are expected to be realized during the remainder of the year.

Included in other expenses are restructuring costs of $2.2 million which were incurred in the third quarter of 2009 (year-to-date 2009: $8.2 million). Finning continues to assess its costs relative to anticipated revenue levels, and further cost reduction actions are expected to be undertaken. Subsequent to the third quarter, in October, a plan was implemented which included a regional consolidation of branches across Finning (Canada)'s current 12 regions. The plan includes a consolidation of branches into 5 regions which will result in a further rationalization of facilities and allocation of resources across these new regions. This plan, together with other productivity improvements, will be fully rolled out over the next few quarters and is expected to drive a further $50 million in fixed expenses out of the Canadian operations in 2010. As part of this plan, further headcount reductions have been implemented in the fourth quarter. The Company anticipates restructuring and other costs of $5-10 million related to the initiatives to be incurred primarily in the fourth quarter of 2009.

Other expenses in the third quarter of 2009 included $1.3 million (year-to-date 2009: $4.5 million) of costs representing Finning (Canada)'s share of the costs related to the ongoing implementation of a new information technology (IT) system for the Company's global dealership operations.

EBIT totalled $14.7 million in the third quarter of 2009 compared with $63.5 million in the same period in 2008. EBIT margin (EBIT divided by revenues) was 3.0%, significantly lower than the EBIT margin of 8.5% achieved in the third quarter of 2008. The reduction in EBIT was primarily due to lower new equipment sales. This reduction was partially offset by lower SG&A costs from actions taken by the Canadian operations.

Revenues for the nine months ended September 30, 2009 decreased 25.4% to $1,784.8 million. Quarterly trends noted above also apply to the year-to-date results of the Company's Canadian operations. Product support revenues in the first nine months of 2009 were slightly lower (4.6%) compared with the same period in 2008, although this was largely due to the discontinued Collicutt fabrication business which contributed approximately $34.3 million of product support revenue in the nine months ended September 30, 2008. New equipment revenues were 40% lower than the nine months ended September 30, 2008. Nine month revenues from the other lines of business in Canada were also slightly lower compared to the 2008 nine month levels. Similar to the third quarter of 2009, SG&A costs for the nine months of 2009 were lower in absolute dollar terms but higher as a percentage of revenue compared to the nine months of 2008. The Canadian operations contributed EBIT of $98.5 million for the nine months ended September 30, 2009, compared with $187.4 million for the same period in the prior year, a decrease of 47.4%.

<u>Other Developments</u>

Finning (Canada)'s collective bargaining agreement with the International Association of Machinists and Aerospace Workers (IAM), Vancouver Lodge 692, covering approximately 800 unionized employees located in British Columbia, expired on April 14, 2009. The Company is currently engaged in negotiations. Finning (Canada)'s collective bargaining agreement with the Alberta division of the IAM – Local Lodge 99 will expire in May 2010. The Company is committed to the collective bargaining process and to concluding a fair contract for its employees and for Finning.

The Company continues to be involved in Alberta Labour Relations Board proceedings with the IAM – Local Lodge 99 relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. Decisions from the Alberta Labour Relations Board are not expected until later this year.

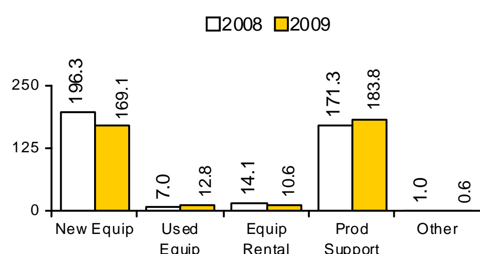
South America

The Company's South American operations include the results of its Caterpillar dealerships in Chile, Argentina, Uruguay, and Bolivia.

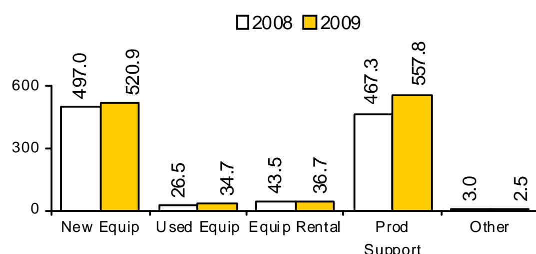
The table below provides details of the results from the South American operations:

($ millions)	Three months ended September 30 2009	Three months ended September 30 2008	Nine months ended September 30 2009	Nine months ended September 30 2008
Revenue from external sources	**$ 376.9**	$ 389.7	**$ 1,152.6**	$ 1,037.3
Operating costs	**(332.0)**	(343.9)	**(1,001.5)**	(903.1)
Depreciation and amortization	**(8.7)**	(8.3)	**(28.5)**	(23.8)
Other income (expenses)	**(0.2)**	(0.3)	**(1.3)**	(0.5)
Earnings before interest and taxes	**$ 36.0**	$ 37.2	**$ 121.3**	$ 109.9
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**9.6%**	9.5%	**10.5%**	10.6%
- as a percentage of consolidated EBIT	**87.6%**	36.0%	**68.5%**	34.2%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 44.7**	$ 45.5	**$ 149.8**	$ 133.7

South America – Revenue by Line of Business ($ millions)
Three months ended September 30



South America – Revenue by Line of Business ($ millions)
Nine months ended September 30



The global economic downturn had a modest impact on the results from Finning South America. Third quarter revenues decreased 3.3% over the third quarter of 2008. In U.S. dollar functional currency, revenues decreased 7.7%. Foreign exchange had an approximately $15 million positive impact on the translation of revenues, due to the 5.5% weakening of the Canadian dollar relative to the U.S. dollar.

New equipment and product support revenues continued to reflect solid equipment sales and good product support activity, mainly with mining customers. In functional currency, new equipment sales and product support revenues from the mining sector were up 14% and 6%, respectively, over the prior year's third quarter. This was partially offset by weaker demand in the power systems and construction sectors.

Third quarter new equipment sales were down by 17.5% in functional currency. Reflecting lower new order levels as well as strong deliveries in the quarter, new equipment backlog was lower compared to the June 2009 level and was less than half the level of December 2008. However, new equipment orders in the third quarter of 2009 were the highest this year, with minimal cancellations.

Product support revenues continued to grow, and were 7.3% higher in the third quarter of 2009 (2.0% in functional currency) compared with the third quarter of 2008. Growth in product support revenues continues to be primarily driven by the larger number of mining maintenance and repair contracts entered into in recent years and the higher number of Caterpillar units operating in the field.

In functional currency, gross profit decreased 8.3% in the third quarter of 2009 compared with the same period last year, and in line with the revenue decline. As a percentage of revenue, gross profit was comparable with the third quarter of 2008 as a result of a shift in revenues to higher margined product support revenues, offset by lower margins on mining new equipment sales and rental revenues. Product support revenues made up 48.7% of total revenues in the third quarter of 2009, compared with 44.1% of total revenues in the same period last year.

SG&A costs, in functional currency, have decreased both in absolute dollars and as a percentage of revenue. The South American operations continued to benefit from ongoing cost savings programs.

Included in other expenses in the third quarter of 2009 was $0.2 million (year-to-date 2009: $0.8 million) of costs related to the ongoing implementation of a new IT system for the Company's global dealership operations.

EBIT from the Company's South American operations of $36.0 million for the three months ended September 30, 2009, was 3.2% lower than for the three months ended September 30, 2008. In functional currency, EBIT decreased 7.6% over the prior year. The lower EBIT in the third quarter of 2009 reflected lower new equipment revenues as a result of weaker demand from construction and power systems, and lower new equipment and rental margins, partially offset by continued strong product support margins, and significantly lower SG&A. EBIT as a percentage of revenue for Finning South America was solid at 9.6%, comparable with the EBIT margin achieved in the third quarter of 2008.

For the nine months ended September 30, 2009, revenue increased 11.1% to $1,152.6 million. In functional currency, revenue was slightly lower compared with the same period in 2008, reflecting strong equipment and product support sales to mining customers, offset by weaker demand in power systems and construction. For the nine months of 2009, EBIT of $121.3 million was 10.4% higher compared to the same period last year (3.9% lower in functional currency), reflecting the quarterly trends noted. EBIT as a percentage of revenue for Finning South America was 10.5% for the nine months of 2009, comparable to the EBIT margin of 10.6% achieved in the same period in 2008.

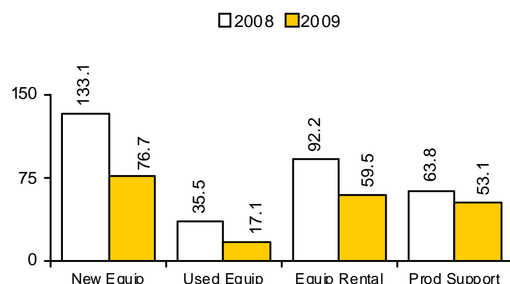
United Kingdom ("UK") Group

The Company's UK Group includes the following three market units: Construction, Power Systems, and Rental Services (Hewden).

The table below provides details of the results of operations from the UK Group:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2009**	2008	**2009**	2008
Revenue from external sources	**$ 206.4**	$ 324.6	**$ 665.0**	$ 996.5
Operating costs	**(185.0)**	(275.1)	**(601.8)**	(849.3)
Depreciation and amortization	**(23.9)**	(31.1)	**(74.0)**	(95.3)
Other income (expenses)	**0.7**	(1.2)	**(5.7)**	11.4
Earnings (loss) before interest and taxes	**$ (1.8)**	$ 17.2	**$ (16.5)**	$ 63.3
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**(0.9)%**	5.3%	**(2.5)%**	6.4%
- as a percentage of consolidated EBIT	**(4.4)%**	16.6%	**(9.3)%**	19.7%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 22.1**	$ 48.3	**$ 57.5**	$ 158.6

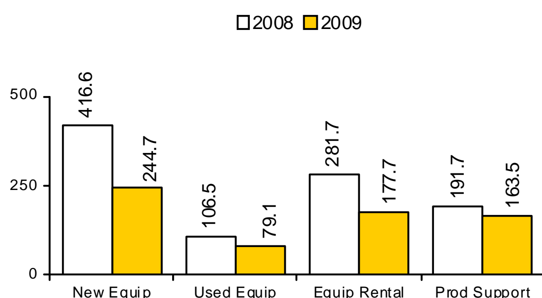
UK Group – Revenue by Line of Business
($ millions)
Three months ended September 30



Challenging economic conditions continued in the U.K. and the UK Group's revenues for the third quarter of 2009 were $206.4 million, down 36.4% from the same period last year. This was partially due to translating the UK Group's pound sterling results into Canadian dollars with an 8.5% stronger Canadian dollar in the third quarter of 2009. In local currency, revenues were down 30.4% compared with the third quarter of 2008, reflecting the impact of the economic downturn.

Revenues were lower in all lines of business compared with the third quarter of 2008, primarily new and used equipment sales, and rental revenues. In local currency, revenues from new equipment and product support were lower by 37.1% and 9.0%, respectively, in the third quarter of 2009 compared with the same period last year. This reflected a continued decline in the underlying U.K. economy, particularly in the construction

UK Group – Revenue by Line of Business
($ millions)
Nine months ended September 30



sector. New equipment backlog was lower compared to the June 2009 level as deliveries exceed new orders and was approximately 40% lower than the level at December 2008.

Rental revenues were also affected by the weak economic conditions in the UK and were down 29.3% in local currency compared with the third quarter of 2008. In response to the weak economic conditions in the U.K., a significant reorganization of Hewden, the UK Group's rental operations, occurred in the first half of 2009. As a result, Hewden's overall cost structure has decreased, asset utilization has started to recover, and its long term prospects are expected to improve.

Gross profit, in local currency, in the third quarter of 2009 was lower compared with the same period last year in absolute terms and as a percentage of revenue. The rental operations experienced lower margins in the third quarter of 2009 compared to the same period last year due to lower utilization rates and pricing challenges as a result of a dramatic decline in U.K. construction market activities. Margins in all other lines of business, except for product support, were also down primarily due to the weaker market conditions. Margins from product support activities continue to be solid and are slightly up from last year. A higher proportion of revenues from product support as well as higher margins from this line of business partially offset the impact of lower margins from equipment sales and rental revenues.

SG&A costs were lower in the third quarter of 2009 compared with the third quarter of 2008 in absolute terms, but higher as a percentage of revenue due to the fixed nature of some costs. Management has implemented a number of initiatives to reduce operating cost levels, dispose of surplus rental fleet in line with current market conditions, and improve the performance of other assets. Further actions are expected to be taken as needed to respond to market conditions.

Other expenses in the third quarter of 2009 included restructuring costs related to the integration of support services in the U.K. and depot restructuring. The organizational structure of the UK Group was streamlined to provide a more consistent and effective service offering to customers at a reduced cost. In addition, in response to declining market conditions, the UK Group incurred further restructuring and severance costs as staffing levels were reduced. In total, in the third quarter of 2009, the UK Group incurred restructuring charges of $3.2 million (year-to-date 2009: $12.1 million). The initiatives noted above resulted in a reduction of approximately 600 employees or 17% of the workforce since December 2008. Partially offsetting these restructuring charges in the third quarter of 2009 were pre-tax gains of $4.0 million (year-to-date 2009: $6.6 million) related to the sale of certain properties at Hewden. The results for the third quarter of 2008 included a $1.2 million pre-tax gain on sale of certain Hewden properties (year-to-date 2008: $16.4 million).

In the third quarter of 2009, the UK Group incurred a loss before interest and tax of $1.8 million, compared with EBIT of $17.2 million in the third quarter of 2008. The lower results in the third quarter of 2009 compared with the same period last year were primarily due to lower revenues in all lines of business. EBIT losses of $6.2 million were incurred in the third quarter of 2009 by the UK Group's rental business, Hewden (third quarter 2008: EBIT of $4.0 million), partially offset by a positive EBIT of $4.4 million at the UK dealership (third quarter 2008: EBIT of $13.2 million).

As a result of the economic downturn and weak outlook for the U.K. equipment rental market, management is undertaking a strategic review of Hewden and is assessing alternatives consistent with the Company's overall goal of maximizing shareholder value.

For the nine months ended September 30, 2009, revenues of $665.0 million were 33.3% lower than the same period in the prior year. In local currency, total revenues were 26.4% lower compared to that reported in the first nine months of 2008. For the first nine months of 2009, the UK Group incurred a loss before interest and tax of $16.5 million. The lower results in the nine months of 2009 compared to the same period last year were primarily due to the same reasons as noted for the third quarter. Hewden incurred EBIT losses of $30.2 million for the first nine months of 2009 (year-to-date 2008: EBIT of $16.1 million), which was partially offset by positive EBIT of $13.7 million at the UK dealership (year-to-date 2008: EBIT of $47.2 million). As noted above, the results for the nine months of 2008 included a $16.4 million pre-tax gain on the sale of certain properties at Hewden.

Corporate and Other Operations

($ millions)	Three months ended September 30 2009	Three months ended September 30 2008	Nine months ended September 30 2009	Nine months ended September 30 2008
Operating costs – corporate	**$ (5.3)**	$ (5.8)	**$ (18.4)**	$ (19.5)
Gain (loss) from equity investment	**(0.2)**	1.1	**(1.7)**	0.6
LTIP mark-to-market	**(1.2)**	(5.6)	**1.3**	(11.3)
Depreciation and amortization	**—**	—	**(0.1)**	(0.1)
Other expenses	**(1.1)**	(4.2)	**(7.4)**	(9.1)
Earnings before interest and taxes	**$ (7.8)**	$ (14.5)	**$ (26.3)**	$ (39.4)

For the three months ended September 30, 2009, corporate operating costs were $0.5 million lower than the same period in 2008. For the nine months ended September 30, 2009, corporate operating costs decreased to $18.4 million, compared with $19.5 million for the same period in 2008 due to efforts by management to reduce costs and improve efficiencies.

Loss from equity investment in 2009 is from the Company's investment in Energyst B.V., reflecting reduced activity levels as a result of the economic downturn in Europe.

The Company entered into a compensation hedge at the end of 2007 in order to offset the mark-to-market impact relating to certain stock-based compensation plans. The long-term incentive plan (LTIP) mark-to-market expense or income recorded at the corporate level primarily reflects the mark-to-market impact of the compensation hedge in total. These amounts primarily offset the LTIP mark-to-market gains or losses recorded by the operating companies.

Other expenses in the first nine months of 2009 included costs related to the ongoing implementation of a new IT system for the Company's global operations.

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended September 30, 2009, cash provided after working capital changes was $250.4 million, compared with $84.1 million for the same period in 2008. Throughout all operations, management has focused on improving cash cycle times and operating efficiencies while ensuring appropriate levels of working capital exist to support current activity levels. As a result, the Company's working capital investment in the third quarter of 2009 was lower and improved $235.0 million compared with the third quarter of the prior year.

For the nine months ended September 30, 2009, cash flow after working capital changes was $431.7 million, compared with $109.1 million in the nine months of 2008.

The Company generated proceeds on the disposal of rental assets in excess of additions in the amount of $0.7 million in the third quarter of 2009 (year-to-date 2009: $24.8 million), compared with a net investment in rental assets of $68.0 million in the same period in 2008 (year-to-date 2008: $213.2 million net investment). As a result of lower demand and a focus on reducing rental expenditures, rental investment has reduced significantly compared to the third quarter of 2008, particularly at the Company's Canadian and Hewden operations. In addition, underutilized assets were sold.

As a result of these items, cash flow provided by operating activities was $246.5 million in the third quarter of 2009 (year-to-date 2009: $433.9 million), a significant improvement when compared to cash provided by operating activities of $14.8 million in the third quarter of 2008 (year-to-date 2008: use of cash of $104.5 million).

EBITDA was $106.8 million in the third quarter of 2009 (year-to-date 2009: $382.6 million), compared to $187.9 million in the third quarter of 2008 (year-to-date 2008: $559.7 million).

The Company's free cash flow generated in the third quarter of 2009 was $225.6 million (year-to-date 2009: $363.5 million) compared to a use of cash of $6.9 million in the prior year quarter (year-to-date 2008: use of cash of $128.5 million). All of Finning's operations have seen significant improvements in the generation of free cash flow compared to the same periods in the prior year. Improvements to working capital and the reduction of rental equipment expenditures to align with demand have more than offset lower earnings.

Management anticipates generating positive free cash flow of close to $400 million in 2009 from disciplined working capital management and reduced net rental and capital expenditures. This free cash flow is expected to be used for dividend payments and to reduce short-term debt, reducing the Company's Debt Ratio (net debt to total

capitalization ratio) to the lower end of management's target range (40-50%). The Company's Debt Ratio at September 30, 2009 was 42.2%.

Cash Used For Investing Activities

Net cash used in investing activities in the three months ended September 30, 2009 totalled $20.9 million (year-to-date 2009: $82.7 million) compared with $21.6 million in the third quarter of 2008 (year-to-date 2008: $163.3 million). The primary use of cash in 2008 related to the acquisition of Collicutt in the first quarter for $134.7 million, net of cash received. The Company also increased its investment in Energyst B.V. by $4.6 million in the first quarter of 2008.

Gross capital additions for the three months ended September 30, 2009 were $29.4 million (year-to-date 2009: $89.2 million) which is slightly higher compared with the $26.8 million in the three months ended September 30, 2008 (year-to-date 2008: $68.8 million). Capital additions in 2009 and 2008 reflect general capital spending to support operations. Capital additions in both 2009 and 2008 included capitalized costs related to the Company's new global IT system. All capital spending is being monitored closely by management.

In the first nine months of 2009, the Company paid approximately $12.2 million on the settlement of foreign currency swaps that were part of a hedge against foreign subsidiary investments.

Financing Activities

As at September 30, 2009, the Company's short and long-term borrowings totalled $1.3 billion, a decrease of $316.4 million, or 19.7% since December 31, 2008. Strong free cash flow generation contributed to the decline in overall debt levels.

Finning has committed bank facilities totalling approximately $925 million with various Canadian, U.S., U.K., and South American financial institutions. The largest of these facilities, an $800 million global credit facility, matures in December 2011. As at September 30, 2009 over $600 million was available under these facilities and no long-term debt matures until December 2011. Based upon the availability of these facilities, our business operating plans, and the discretionary nature of some of the outflows like rental and capital expenditures, the Company believes it has sufficient liquidity to meet operational needs for the foreseeable future.

The Company's long-term and short-term debt ratings were reconfirmed at A (low) and R-1 (low), respectively, by Dominion Bond Rating Service in the first quarter of 2009. The Company's long-term debt rating was also reconfirmed at BBB+ by Standard & Poor's in May, 2009.

Dividends paid to shareholders in the third quarter of 2009 were $18.8 million, comparable to the third quarter of 2008. Dividends paid to shareholders for the first nine months of 2009 increased 1.7% to $56.2 million.

The Company had a share repurchase program in place until July 8, 2009. The Company did not repurchase any common shares during 2009. During the first quarter of 2008, the Company repurchased and cancelled 3,581,500 common shares at an average price of $27.21 per share for an aggregate amount of $97.5 million. During the third quarter of 2008, the Company repurchased and cancelled 1,385,346 common shares at an average price of $23.52 per share for an aggregate amount of $32.6 million.

In May 2008, the Company issued two unsecured Medium Term Notes (MTN). The 5-year, $250 million MTN has a coupon interest rate of 5.16% per annum, payable semi-annually commencing September 3, 2008. The 10-year, $350 million MTN has a coupon interest rate of 6.02% per annum, payable semi-annually commencing December 1, 2008. Proceeds from these issuances were used for debt repayment, including the repayment of the Company's $200 million 7.40% MTN which matured in June 2008 as well as outstanding commercial paper borrowings.

Financing activities in 2008 also included a payment of $8.9 million on the settlement of a derivative that hedged future cash flows associated with the new MTN issuances noted above.

Description of Non-GAAP Measures

EBIT is defined herein as earnings before interest expense, interest income, and income taxes. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Free cash flow is defined as cash flow provided by (used in) operating activities less net capital expenditures. EBIT, EBITDA, and free cash flow are measures of performance utilized by management to measure and evaluate the financial performance of its operating segments. EBITDA and free cash flow are measures commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt. EBITDA is also commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses and is a common valuation metric.

Management believes that these measures provide important information regarding the direct operational performance of the Company's business. By considering these measures in combination with the comparable GAAP measures set out below, management believes that shareholders are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the GAAP measures alone. EBIT, EBITDA, and free cash flow do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with GAAP.

A reconciliation between EBITDA, EBIT, and net income is as follows:

	Three months ended September 30		**Nine months ended September 30**	
($ millions)	**2009**	2008	**2009**	2008
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 106.8**	$ 187.9	**$ 382.6**	$ 559.7
Depreciation and amortization	**(65.7)**	(84.5)	**(205.6)**	(238.5)
Earnings before interest and income taxes (EBIT)	**41.1**	103.4	**177.0**	321.2
Finance costs	**(17.5)**	(21.6)	**(48.8)**	(61.9)
Provision for income taxes	**(1.9)**	(17.0)	**(13.7)**	(56.5)
Net income	**$ 21.7**	$ 64.8	**$ 114.5**	$ 202.8

A reconciliation of free cash flow is as follows:

	Three months ended September 30		**Nine months ended September 30**	
($ millions)	**2009**	2008	**2009**	2008
Cash provided by (used in) operating activities	**$ 246.5**	$ 14.8	**$ 433.9**	$ (104.5)
Additions to capital assets	**(29.4)**	(26.8)	**(89.2)**	(68.8)
Proceeds on disposal of capital assets	**8.5**	5.1	**18.8**	44.8
Free cash flow	**$ 225.6**	$ (6.9)	**$ 363.5**	$ (128.5)

Risk Management

Finning and its subsidiaries are exposed to market, financial, and other risks in the normal course of their business activities. The Company has adopted an Enterprise Risk Management (ERM) approach in identifying, prioritizing, and evaluating risks. This ERM framework assists the Company in managing business activities and risks across the organization in order to achieve the Company's strategic objectives.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed, and reported. The Company discloses all of its key risks in its most recent Annual Information Form (AIF) with key financial risks also included in the Company's Annual Management's Discussion and Analysis (MD&A). On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are also reviewed by the Audit Committee. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2008.

There have been no significant changes to existing risk factors or new key risks identified from the key risks as disclosed in the Company's AIF for the year ended December 31, 2008, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure, and translation exposure. These are explained further in the 2008 annual MD&A.

The sensitivity of the Company's net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. A 5% strengthening of the Canadian dollar against the following currencies for a full year relative to the September 30, 2009 month end rates would increase / (decrease) annual net income by the amounts shown below. This analysis assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

Currency	September 30, 2009 month end rates	Increase (decrease) in annual net income $ millions
USD	**1.0722**	(17)
GBP	**1.7158**	2
CLP	**0.0020**	1

The sensitivities noted above ignore the impact of exchange rate movements on other macroeconomic variables, including overall levels of demand and relative competitive advantages. If it were possible to quantify these impacts, the results would likely be different from the sensitivities shown above. The sensitivity to variances in foreign exchange rates as noted above is an annual view which factors in annual forecast volumes and average hedging activities which, in management's opinion, may not be representative of the inherent foreign exchange risk exposure for a quarter.

Controls and Procedures Certification

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

The Company has a Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information.

- The Disclosure Policy sets out accountabilities, authorized spokespersons, and Finning's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.
- A Disclosure Committee, consisting of senior management and external legal counsel, review all financial information prepared for communication to the public to ensure it meets all regulatory requirements and is responsible for raising all outstanding issues it believes require the attention of the Audit Committee prior to recommending disclosure for that Committee's approval.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2009, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Regular involvement of Internal Audit and quarterly reporting to the Audit Committee and the Company's external auditors assists in providing reasonable assurance that the objectives of the control system are met. While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Selected Quarterly Information

$ millions, except for share and option data	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3
Revenue [1]									
Canada	$ 489.9	$ 582.0	$ 712.9	$ 826.0	$ 748.9	$ 849.1	$ 792.9	$ 750.3	$ 639.9
South America	376.9	363.0	412.7	464.3	389.7	340.7	306.9	348.0	317.4
UK Group	206.4	219.9	238.7	276.4	324.6	341.5	330.4	361.2	371.8
Total revenue	$1,073.2	$1,164.9	$1,364.3	$1,566.7	$1,463.2	$1,531.3	$1,430.2	$1,459.5	$ 1,329.1
Net income (loss) [1] [2]	$ 21.7	$ 47.8	$ 45.0	$ (106.8)	$ 64.8	$ 67.2	$ 70.8	$ 70.5	$ 63.6
Basic Earnings (Loss) Per Share [1] [2] [3]	$ 0.13	$ 0.28	$ 0.26	$ (0.63)	$ 0.38	$ 0.39	$ 0.41	$ 0.40	$ 0.35
Diluted Earnings (Loss) Per Share [1] [2] [3]	$ 0.13	$ 0.28	$ 0.26	$ (0.62)	$ 0.37	$ 0.39	$ 0.40	$ 0.39	$ 0.35
Total assets [1]	$3,892.4	$4,357.3	$4,639.6	$4,720.4	$4,604.4	$4,603.8	$4,527.8	$4,134.2	$ 4,079.7
Long-term debt									
Current	$ 23.9	$ 2.6	$ 2.6	$ 2.6	$ 2.5	$ 100.5	$ 215.9	$ 215.7	$ 204.2
Non-current	1,013.8	1,206.4	1,437.3	1,410.7	1,313.1	1,121.8	605.7	590.4	554.5
Total long-term debt [4]	$1,037.7	$1,209.0	$1,439.9	$1,413.3	$1,315.6	$1,222.3	$ 821.6	$ 806.1	$ 758.7
Cash dividends paid per common share [3]	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.10	$ 0.10	$ 0.09
Common shares outstanding (000's) [3]	170,661	170,631	170,545	170,445	171,356	172,692	172,623	176,132	178,521
Options outstanding (000's) [3]	6,537	6,606	5,807	6,037	6,200	6,343	4,576	4,656	4,737

(1) On January 15, 2008 the Company's Canadian operations purchased Collicutt Energy Services Ltd. The results of operations and financial position of Collicutt have been included in the figures above since the date of acquisition.

(2) The Company performed its annual goodwill impairment review in the fourth quarter of 2008 and determined that the fair value of Hewden was less than its book value, which included goodwill on acquisition. As a result, the Company recorded a full goodwill impairment of $151.4 million for Hewden in the fourth quarter of 2008. The goodwill impairment charge is non-cash in nature and does not affect the Company's liquidity, cash flows from operating activities, or debt covenants and is not expected to have any adverse impact on future operations. The Company expects no income tax deduction from this charge.

(3) During 2008, the Company repurchased 5,901,842 common shares at an average price of $24.99 as part of a normal course issuer bid. During 2007, 3,691,400 common shares were repurchased at an average price of $27.82.

Earnings per share (EPS) for each quarter has been computed based on the weighted average number of shares issued and outstanding during the respective quarter; therefore, quarterly amounts may not add to the annual or year-to-date total.

(4) In the second quarter of 2008, the Company issued two unsecured Medium Term Notes (MTN); a five year $250 million MTN and a 10 year $350 million MTN. Proceeds from these issuances were used for debt repayment, including the repayment of a $200 million MTN which expired in June 2008 as well as outstanding commercial paper borrowings.

New Accounting Pronouncements

Change in Accounting Policy in 2009

(i) Goodwill and Intangible Assets
Effective January 1, 2009, the Company adopted Section 3064, *Goodwill and Intangible Assets*, issued by the Canadian Institute of Chartered Accountants (CICA). The new standard replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

Future Accounting Pronouncements

(i) Business Combinations
In January 2009, the CICA issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011. Early adoption is permitted. This new Section will only have an impact on the Company's consolidated financial statements for future acquisitions that may be made in periods subsequent to the date of adoption.

(ii) Convergence with International Financial Reporting Standards
In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public companies, will be converged with International Financial Reporting Standards (IFRS) effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in late 2007. The project consists of four phases: raise awareness; assessment; design; and implementation. With the assistance of an external expert advisor, the Company completed a high level review of the major differences between Canadian GAAP and IFRS as applicable to the Company. While a number of differences have been identified, the areas of highest potential impact include property, plant and equipment, certain aspects of revenue recognition, income taxes, employee future benefits, stock-based compensation, presentation, and disclosure, as well as the initial selection of applicable transitional exemptions under the provisions of IFRS 1 *First Time Adoption*.

The Company initiated the design phase of its IFRS conversion project in early 2009 which involved establishing issue-specific work teams to focus on generating options and making recommendations in the identified risk areas. Although activities in this phase are progressing according to plan, continued progress is necessary before the Company can provide specific detail regarding the IFRS changeover accounting policy differences and disclose associated quantitative information. Management continues to monitor standards to be issued by the International Accounting Standards Board (IASB), but it is difficult to predict the IFRS that will be effective at the end of the Company's first IFRS reporting period at this stage, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011.

The Company's transition plan includes a comprehensive training plan; initial training sessions have been provided to key finance personnel and management and further detailed sessions will be provided to relevant personnel throughout the implementation process. Management has also begun to consider the impact of the transition on the Company's business practices, systems, and internal control over financial reporting and anticipate that the most significant impact of IFRS on its compliance programme will be with regards to financial reporting controls.

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Earnings Coverage Ratio

The following earnings coverage ratio is calculated for the twelve months ended September 30, 2009 and constitutes an update to the earnings coverage ratio described in the Company's short form base shelf prospectus dated May 5, 2008.

Twelve months ended September 30, 2009	
Earnings coverage ratio [(1)]	1.3

(1) The earnings coverage ratio is calculated by dividing: (a) the Company's earnings from continuing operations before interest and taxes for the period stated; by (b) finance costs incurred over the period stated.

The earning coverage ratio was negatively impacted by the non-cash goodwill impairment charge incurred in the fourth quarter of 2008. Excluding the impact of this charge, the earning coverage ratio would have been 3.5.

Outstanding Share Data

As at November 6, 2009	
Common shares outstanding	**170,667,377**
Options outstanding	**6,404,703**

Market Outlook

In mining, including the Alberta oil sands, order intake and quotations are up compared to the second quarter of 2009. Customer order intake has increased for the first time since the third quarter in 2008 and order cancellations have virtually disappeared.

In non-mining sectors, the Company has limited visibility of future revenues. In these sectors, there is an excess supply of dealer inventory throughout the industry and market weakness is expected to continue for several more quarters.

Product support revenues continue to be strong in mining, where customers have remained very active. In other sectors, some customers are deferring maintenance, and the Company believes that a backlog of product support revenue is being generated and should monetize with increased economic activity.

In Western Canada, the mining industry remains active and strong product support revenues continue to be generated. Demand for construction, forestry, and conventional oil and gas equipment remains soft and may well continue for several more quarters. Incremental business from government funded infrastructure initiatives is expected in the future.

In South America, the Company benefits from a substantial portfolio of mining business. At current copper and gold prices, the industry is expected to remain healthy and the Company is beginning to receive new equipment orders from mining customers. Construction and power systems activity remains soft.

In the UK, market conditions are expected to remain challenging. At Hewden, while a strategic review is under way, management has improved operational practices and profitability, and disposed of surplus fleet and depots. While fleet utilization has increased, overcapacity in the industry has put pressure on rental rates. Hewden continues to generate positive cash flow.

Fourth quarter cash flow is expected to remain positive, but will be significantly lower than in the third quarter as the Company begins to purchase equipment to fill orders for mining customers for 2010 and to stock up certain models of other equipment for anticipated 2010 sales. Management fully expects to meet its increased free cash flow target of close to $400 million for 2009. The Company is proceeding with further cost reductions and is raising its annual SG&A expense reduction target from $150 million to over $200 million. The Company is confident this objective will be met as well.

November 10, 2009

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect 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, 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; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; anticipated generation of free cash flow, and its expected use; and expected target range of Debt Ratio. 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 our expectations at November 10, 2009. Except as may be required by Canadian securities laws, we do 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 our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we 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 our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations outside Canada. 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 our 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 we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. 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 2008 Annual Information Form (AIF) on pages 31-44.

We caution readers that the risks described in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

Except as otherwise indicated by us, 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. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Three months ended September 30		Nine months ended September 30	
($ thousands, except share and per share amounts)	**2009 unaudited**	2008 unaudited	**2009 unaudited**	2008 unaudited
Revenue				
New equipment	**$ 416,729**	$ 672,700	**$1,514,709**	$ 2,169,302
Used equipment	**71,844**	110,113	**267,353**	308,343
Equipment rental	**125,981**	187,660	**390,641**	540,209
Product support	**456,425**	488,719	**1,421,213**	1,392,736
Other	**2,245**	3,964	**8,496**	14,087
Total revenue	**1,073,224**	1,463,156	**3,602,412**	4,424,677
Cost of sales	**760,820**	1,030,476	**2,546,312**	3,142,182
Gross profit	**312,404**	432,680	**1,056,100**	1,282,495
Selling, general, and administrative expenses	**267,305**	322,278	**852,089**	961,124
Other expenses (Note 2)	**4,029**	6,975	**27,048**	190
Earnings before interest and income taxes	**41,070**	103,427	**176,963**	321,181
Finance costs (Note 3)	**17,497**	21,570	**48,797**	61,871
Income before provision for income taxes	**23,573**	81,857	**128,166**	259,310
Provision for income taxes	**1,905**	16,969	**13,657**	56,485
Net income	**$ 21,668**	$ 64,888	**$ 114,509**	$ 202,825
Earnings per share (Note 6)				
Basic	**$ 0.13**	$ 0.38	**$ 0.67**	$ 1.17
Diluted	**$ 0.13**	$ 0.37	**$ 0.67**	$ 1.16
Weighted average number of shares outstanding				
Basic	**170,640,569**	172,533,309	**170,581,181**	172,980,746
Diluted	**171,134,859**	173,559,744	**170,958,969**	174,220,295

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	September 30, 2009 unaudited	December 31, 2008 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 160,335**	$ 109,772
Accounts receivable	**592,279**	840,810
Service work in progress	**74,828**	102,607
Inventories (Note 7)	**1,146,519**	1,473,504
Other assets	**218,355**	288,102
Total current assets	**2,192,316**	2,814,795
Finance assets	**32,747**	11,671
Rental equipment	**756,626**	987,835
Land, buildings, and equipment	**491,005**	470,859
Intangible assets	**39,346**	38,344
Goodwill	**95,223**	99,278
Other assets	**285,091**	297,593
	$ 3,892,354	$ 4,720,375
LIABILITIES		
Current liabilities		
Short-term debt	**$ 252,904**	$ 193,635
Accounts payable and accruals	**817,922**	1,316,818
Income tax payable	**6,273**	3,187
Current portion of long-term debt	**23,951**	2,643
Total current liabilities	**1,101,050**	1,516,283
Long-term debt	**1,013,760**	1,410,727
Long-term obligations	**107,747**	96,296
Future income taxes	**121,995**	129,965
Total liabilities	**2,344,552**	3,153,271
SHAREHOLDERS' EQUITY		
Share capital	**556,520**	554,966
Contributed surplus	**31,964**	25,441
Accumulated other comprehensive loss	**(262,138)**	(176,444)
Retained earnings	**1,221,456**	1,163,141
Total shareholders' equity	**1,547,802**	1,567,104
	$ 3,892,354	$ 4,720,375

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2009 unaudited	2008 unaudited	**2009 unaudited**	2008 unaudited
Net income	**$ 21,668**	$ 64,888	**$ 114,509**	$ 202,825
Other comprehensive income (loss), net of income tax				
Currency translation adjustments	**(142,427)**	(43,389)	**(135,423)**	6,878
Unrealized gains (losses) on net investment hedges	**79,539**	(1,078)	**59,114**	6,008
Tax expense (recovery) on net investment hedges	**(15,662)**	1,554	**(17,153)**	400
Foreign currency translation and gains (losses) on net investment hedges	**(78,550)**	(42,913)	**(93,462)**	13,286
Unrealized gains (losses) on cash flow hedges	**(569)**	(476)	**7,558**	(4,091)
Tax expense (recovery) on cash flow hedges	**97**	1,264	**(1,284)**	2,256
Realized losses (gains) on cash flow hedges, reclassified to earnings, net of tax	**157**	228	**1,494**	520
Gains (losses) on cash flow hedges	**(315)**	1,016	**7,768**	(1,315)
Comprehensive income (loss)	**$ (57,197)**	$ 22,991	**$ 28,815**	$ 214,796

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

($ thousands, except share amounts)	Share Capital			Accumulated Other Comprehensive Income			
	Shares	Amount	Contributed Surplus	Foreign Currency Translation and Gains / (Losses) on Net Investment Hedges	Gains / (Losses) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2008	176,131,879	$ 571,402	$ 15,356	$ (223,661)	$ (8,562)	$ 1,269,544	$ 1,624,079
Comprehensive income (loss)	—	—	—	13,286	(1,315)	202,825	214,796
Issued on exercise of stock options	175,627	2,135	(341)	—	—	—	1,794
Issued for acquisition	15,403	398	65	—	—	—	463
Repurchase of common shares (Note 4)	(4,966,846)	(16,067)	—	—	—	(113,961)	(130,028)
Stock option expense	—	—	7,624	—	—	—	7,624
Dividends on common shares	—	—	—	—	—	(55,251)	(55,251)
Balance, September 30, 2008	171,356,063	$ 557,868	$ 22,704	$ (210,375)	$ (9,877)	$ 1,303,157	$ 1,663,477
Balance, January 1, 2009	**170,445,067**	**$ 554,966**	**$ 25,441**	**$ (160,971)**	**$ (15,473)**	**$ 1,163,141**	**$ 1,567,104**
Comprehensive income (loss)	**—**	**—**	**—**	**(93,462)**	**7,768**	**114,509**	**28,815**
Issued on exercise of stock options	**216,310**	**1,554**	**(121)**	**—**	**—**	**—**	**1,433**
Stock option expense	**—**	**—**	**6,644**	**—**	**—**	**—**	**6,644**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(56,194)**	**(56,194)**
Balance, September 30, 2009	**170,661,377**	**$ 556,520**	**$ 31,964**	**$ (254,433)**	**$ (7,705)**	**$ 1,221,456**	**$ 1,547,802**

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended September 30		Nine months ended September 30	
($ thousands)	**2009 unaudited**	2008 unaudited	**2009 unaudited**	2008 unaudited
OPERATING ACTIVITIES				
Net income	**$ 21,668**	$ 64,888	**$ 114,509**	$ 202,825
Add items not affecting cash				
Depreciation and amortization	**66,514**	85,381	**207,958**	239,435
Future income taxes	**1,022**	5,415	**(2,837)**	12,153
Stock-based compensation	**2,578**	2,917	**7,605**	11,136
Gain on disposal of capital assets	**(4,123)**	(879)	**(6,755)**	(17,068)
Other	**171**	(1,134)	**2,101**	(699)
	87,830	156,588	**322,581**	447,782
Changes in working capital items (Note 9)	**162,572**	(72,473)	**109,111**	(338,691)
Cash provided after changes in working capital items	**250,402**	84,115	**431,692**	109,091
Rental equipment, net of disposals	**645**	(67,946)	**24,778**	(213,204)
Equipment leased to customers, net of disposals	**(4,529)**	(1,338)	**(22,544)**	(382)
Cash flow provided by (used in) operating activities	**246,518**	14,831	**433,926**	(104,495)
INVESTING ACTIVITIES				
Additions to capital assets	**(29,421)**	(26,746)	**(89,179)**	(68,798)
Proceeds on disposal of capital assets	**8,560**	5,092	**18,765**	44,793
Payment on settlement of derivatives	**—**	—	**(12,252)**	—
Acquisition of businesses	**—**	—	**—**	(139,266)
Cash used in investing activities	**(20,861)**	(21,654)	**(82,666)**	(163,271)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**(26,621)**	(24,243)	**94,145**	(54,880)
Increase (repayment) of long-term debt	**(132,440)**	105,371	**(329,203)**	506,544
Payment on settlement of derivative	**—**	—	**—**	(8,914)
Issue of common shares on exercise of stock options	**301**	814	**1,433**	1,794
Repurchase of common shares (Note 4)	**—**	(32,578)	**—**	(130,028)
Dividends paid	**(18,771)**	(18,997)	**(56,194)**	(55,251)
Cash provided by (used in) financing activities	**(177,531)**	30,367	**(289,819)**	259,265
Effect of currency translation on cash balances	**(10,109)**	1,958	**(10,878)**	3,132
Increase (decrease) in cash and cash equivalents	**38,017**	25,502	**50,563**	(5,369)
Cash and cash equivalents, beginning of period	**122,318**	30,989	**109,772**	61,860
Cash and cash equivalents, end of period	**$ 160,335**	$ 56,491	**$ 160,335**	$ 56,491

See supplemental cash flow information, Note 9

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2008 audited annual consolidated financial statements and the notes below.

The Interim Statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the change in accounting policy disclosed below:

(a) Change in Accounting Policy

Goodwill and Intangible Assets
Effective January 1, 2009, the Company adopted Section 3064, Goodwill and Intangible Assets, issued by the Canadian Institute of Chartered Accountants (CICA). The new standard replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

(b) Future Accounting Pronouncements

(i) Business Combinations
In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011. Early adoption is permitted. The new Sections will only have an impact on the Company's consolidated financial statements for future acquisitions that may be made in periods subsequent to the date of adopting the new standards.

(ii) Convergence with International Financial Reporting Standards
In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public companies, will be converged with IFRS effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

(c) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2009 presentation.

2. Other Expenses (Income)

Other expenses (income) include the following items:

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2009	2008	**2009**	2008
Gain on sale of properties in Hewden (a)	**$ (4,048)**	$ (1,200)	**$ (6,626)**	$ (16,475)
Restructuring (b)	**5,658**	2,131	**21,125**	5,545
Project costs (c)	**2,494**	5,723	**12,678**	11,713
Loss (gain) on sale of other surplus properties	**(75)**	321	**(129)**	(593)
	$ 4,029	$ 6,975	**$ 27,048**	$ 190

The tax recovery on other expenses for the three months ended September 30, 2009 was $1.9 million (2008: $2.3 million) and during the nine-month period ended September 30, 2009 was $8.9 million (2008: $2.9 million).

(a) In the first and second quarters of 2009, the Company's UK subsidiary, Hewden, sold certain properties for cash proceeds of approximately $5 million (2008: $29 million), resulting in a pre-tax gain of $2.6 million (2008: $15.2 million). In the third quarter of 2009, Hewden sold additional properties for cash proceeds of approximately $7 million (2008: $3 million), resulting in a pre-tax gain of $4.0 million (2008: $1.2 million).

(b) During the nine months ended September 30, 2009, the Company's UK operations incurred restructuring costs of approximately $0.6 million in connection with the integration of business support services (2008: $4.8 million). The UK operations also incurred costs of approximately $8.5 million in 2009 related to the restructuring of Hewden's nationwide depot network. In addition, Finning incurred other restructuring costs of $11.3 million globally in 2009 in response to the current market conditions.

(c) Project costs incurred during the three and the nine months ended September 30, 2009 and 2008 relate to the implementation of a new information technology system for the Company's global operations.

3. Finance Costs

Finance costs as shown on the interim consolidated statement of income comprise the following elements:

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2009	2008	**2009**	2008
Interest on debt securities:				
Short-term debt	**$ 1,400**	$ 2,990	**$ 3,785**	$ 13,236
Long-term debt	**13,814**	16,516	**42,068**	43,302
	15,214	19,506	**45,853**	56,538
Loss on interest rate derivatives	**490**	489	**1,453**	1,088
Interest income on tax reassessment	**—**	—	**(3,529)**	—
Other finance related expenses, net of sundry interest earned	**1,793**	1,575	**5,020**	4,245
Finance costs	**$ 17,497**	$ 21,570	**$ 48,797**	$ 61,871

4. Share Capital

The Company had a share repurchase program in place until July 8, 2009. The Company did not repurchase any common shares during 2009.

The Company repurchased and cancelled 1,385,346 common shares during the third quarter of 2008 as part of a normal course issuer bid. These shares were repurchased at an average price of $23.52 per share, which has been allocated to reduce share capital by $4.5 million and retained earnings by $28.1 million.

For the nine months ended September 30, 2008, the Company repurchased and cancelled 4,966,846 common shares at an average price of $26.18 per share, which was allocated to reduce share capital by $16.1 million and retained earnings by $114.0 million.

5. Stock-Based Compensation Plans

The Company has a number of stock-based compensation plans in the form of stock options and other stock-based compensations plans noted below.

Stock Options

Details of the stock option plans are as follows:

	Nine months ended September 30, 2009			Twelve months ended December 31, 2008		
	Options		**Weighted Average Exercise Price**	Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**6,037,270**	**$**	**23.72**	4,656,402	$	20.99
Issued	**978,703**	**$**	**14.64**	1,853,100	$	29.83
Exercised	**(216,310)**	**$**	**6.62**	(209,832)	$	10.47
Cancelled	**(262,392)**	**$**	**27.28**	(262,400)	$	26.85
Options outstanding, end of period	**6,537,271**	**$**	**22.79**	6,037,270	$	23.72
Exercisable at period end	**3,977,166**	**$**	**21.75**	2,726,492	$	17.54

In 2009, long-term incentives for executives and senior management were a combination of both stock options and performance share units (2008: primarily in the form of stock options). In the second quarter of 2009, the Company issued 978,703 common share options to senior executives and management of the Company (Q2 2008: 1,853,100 common share options). The Company's practice is to grant and price stock options only when it is felt that all material information has been disclosed to the market.

The Company determines the cost of all stock options granted since January 1, 2003 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2009 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.78%
Expected volatility	38.45%
Risk-free interest rate	3.659%
Expected life	5.5 years

At the grant date, the weighted average fair value of options granted during the year was $5.07 per share (2008: $8.35). Total stock option expense in the third quarter was $1.9 million (2008: $2.9 million) and for the nine month period was $6.6 million (2008: $7.6 million).

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share units, performance share units, and stock appreciation rights plans that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2008 are as follows:

Directors

Directors' Deferred Share Unit Plan A (DDSU)

Under the Deferred Share Unit Plan (DDSU) for members of the Board of Directors, non-employee Directors of the Company were allocated a total of 22,293 share units in May 2009 (May 2008: 39,360 share units), which were granted to the Directors and expensed over the calendar year as the units are issued.

Executive

Performance Share Unit Plan (PSU)

In May 2009, the Board of Directors approved a new Performance Share Unit Plan (PSU Plan) for executives. Under the PSU Plan, executives of the Company may be awarded performance share units as approved by the Board of Directors. This plan utilizes notional units that become vested dependent on achieving specified performance levels. Vesting of the awards is based on the extent to which the Company's average return on equity achieves or exceeds the specified performance levels over a three-year period. Vested performance share units are redeemable in cash based on the common share price at the end of the performance period.

Only vested units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares. Compensation expense for the PSU Plan is recorded over the three-year performance period. The amount of compensation expense is adjusted over the three-year performance period to reflect the current market value of common shares and the number of shares anticipated to vest based upon the Company's forecast three-year average return on equity.

Executives of the Company were allocated a total of 341,253 performance share units in 2009, based on 100% vesting (2008: nil).

The specified levels and respective vesting percentages are as follows:

Performance Level	Average Return on Equity (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 12%	Nil
Threshold	12%	25%
Target	15%	100%
Maximum	17% or more	150%

Details of the deferred share unit plan and performance share unit plans, which reflect the mark-to-market adjustments, excluding the impact of the Variable Rate Share Forward hedge (VRSF) are as follows:

Nine months ended September 30, 2009					
Vested units	**DSU-A**	**DSU-B**	**DDSU**	**PSU**	**Total**
Outstanding, beginning of period	**25,212**	**716,211**	**264,442**	**—**	**1,005,865**
Additions	**565**	**15,269**	**32,842**	**—**	**48,676**
Exercised	**(8,463)**	**(164,942)**	**—**	**—**	**(173,405)**
Outstanding, end of period	**17,314**	**566,538**	**297,284**	**—**	**881,136**
Liability ($ thousands)					
Balance, beginning of period	**$ 359**	**$ 10,206**	**$ 3,768**	**$ —**	**$ 14,333**
Expense (income)	**59**	**1,477**	**989**	**—**	**2,525**
Exercised	**(142)**	**(2,618)**	**—**	**—**	**(2,760)**
Balance, end of period	**$ 276**	**$ 9,065**	**$ 4,757**	**$ —**	**$ 14,098**

Nine months ended September 30, 2008					
Vested units	**DSU-A**	**DSU-B**	**DDSU**	**PSU**	**Total**
Outstanding, beginning of period	57,179	1,139,700	294,033	—	1,490,912
Additions	666	10,560	41,949	—	53,175
Exercised	(32,834)	(433,553)	(81,817)	—	(548,204)
Outstanding, end of period	25,011	716,707	254,165	—	995,883
Liability ($ thousands)					
Balance, beginning of period	$ 1,639	$ 32,664	$ 8,427	$ —	$ 42,730
Expense (income)	(156)	(5,179)	(1,001)	—	(6,336)
Exercised	(961)	(12,520)	(2,119)	—	(15,600)
Balance, end of period	$ 522	$ 14,965	$ 5,307	$ —	$ 20,794

As at September 30, 2009 and 2008, all outstanding deferred share units have vested. As at September 30, 2009, none of the performance share units were vested.

Summary – Impact of Stock Based Compensation Plans

Changes in the value of all deferred share units, performance share units, and share appreciation rights is a result of fluctuations in the Company's common share price, management's estimate of achieving performance targets, and the impact of new issues, including stock options, partially offset by the impact of the VRSF hedge. The net impact was an expense of $2.5 million in the third quarter of 2009 (2008: $2.9 million) and during the nine-month period was an expense of $7.6 million (2008: $11.1 million).

6. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options by applying the treasury stock method.

($ thousands, except share and per share amounts)	Three months ended September 30			Nine months ended September 30		
2009	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic earnings per share: net income	**$ 21,668**	**170,640,569**	**$ 0.13**	**$ 114,509**	**170,581,181**	**$ 0.67**
Effect of dilutive securities: stock options	**—**	**494,290**	**—**	**—**	**377,788**	**—**
Diluted earnings per share: net income and assumed conversions	**$ 21,668**	**171,134,859**	**$ 0.13**	**$114,509**	**170,958,969**	**$ 0.67**
2008						
Basic earnings per share: net income	$ 64,888	172,533,309	$ 0.38	$ 202,825	172,980,746	$ 1.17
Effect of dilutive securities: stock options	—	1,026,435	—	—	1,239,549	—
Diluted earnings per share: net income and assumed conversions	$ 64,888	173,559,744	$ 0.37	$202,825	174,220,295	$ 1.16

7. Inventories

($ thousands)	September 30, 2009	December 31, 2008
On-hand equipment	**$ 740,784**	$ 1,013,204
Parts and supplies	**317,468**	384,112
Internal service work in progress	**88,267**	76,188
Inventories	**$ 1,146,519**	$ 1,473,504

For the three months ended September 30, 2009, on-hand equipment, parts, supplies, and internal service work in progress recognized as an expense amounted to $664.9 million (2008: $901.8 million), and for the nine months ended September 30, 2009 amounted to an expense of $2,258.6 million (2008: $2,762.8 million). For the three months ended September 30, 2009, the write-down of inventories to net realizable value, included in cost of sales, amounted to $10.6 million (2008: $3.3 million) and for the nine months ended September 30, 2009 amounted to $27.5 million (2008: $14.2 million).

8. Currency Rates

The Company's principal subsidiaries operate in three functional currencies: Canadian dollars, U.S. dollars, and the U.K. pound sterling. The exchange rates of the Canadian dollar against the following foreign currencies were as follows:

Exchange rate	September 30, 2009	December 31, 2008	September 30, 2008
U.S. dollar	**1.0722**	1.2246	1.0599
U.K. pound sterling	**1.7158**	1.7896	1.8868

Three months ended September 30 Average exchange rates	2009	2008
U.S. dollar	**1.0979**	1.0411
U.K. pound sterling	**1.8003**	1.9671

Nine months ended September 30 Average exchange rates	2009	2008
U.S. dollar	**1.1701**	1.0184
U.K. pound sterling	**1.7982**	1.9816

9. Supplemental Cash Flow Information

Non cash working capital changes

	Three months ended September 30		Nine months ended September 30	
($ thousands)	**2009**	2008	**2009**	2008
Accounts receivable and other	**$ 91,729**	$ (15,397)	**$ 228,720**	$ (113,717)
Inventories – on-hand equipment	**176,675**	(3,445)	**226,820**	(65,452)
Inventories – parts and supplies	**24,192**	(1,295)	**53,217**	(42,331)
Accounts payable and accruals	**(125,303)**	(35,333)	**(417,513)**	(63,199)
Income taxes	**(4,721)**	(17,003)	**17,867**	(53,992)
Changes in working capital items	**$ 162,572**	$ (72,473)	**$ 109,111**	$ (338,691)

Components of cash and cash equivalents

September 30 ($ thousands)	**2009**	2008
Cash	**$ 91,205**	$ 43,664
Short-term investments	**69,130**	12,827
Cash and cash equivalents	**$ 160,335**	$ 56,491

Interest and tax payments

	Three months ended September 30		Nine months ended September 30	
($ thousands)	**2009**	2008	**2009**	2008
Interest paid	**$ (8,226)**	$ (9,028)	**$ (39,701)**	$ (59,822)
Income taxes received (paid)	**$ (2,977)**	$ (23,344)	**$ 9,516**	$ (85,564)

10. Employee Future Benefits

The expense for the Company's benefit plans, primarily for pension benefits, is as follows:

Three months ended September 30	**2009**				2008			
($ thousands)	**Canada**	**UK**	**Hewden**	**Total**	Canada	UK	Hewden	Total
Defined contribution plans	**$ 4,567**	**$ 463**	**$ 28**	**$ 5,058**	$ 4,890	$ 287	$ 39	$ 5,216
Defined benefit plans	**2,999**	**999**	**1,093**	**5,091**	1,454	(151)	442	1,745
Total benefit plan expense	**$ 7,566**	**$ 1,462**	**$ 1,121**	**$ 10,149**	$ 6,344	$ 136	$ 481	$ 6,961

Nine months ended September 30	**2009**				2008			
($ thousands)	**Canada**	**UK**	**Hewden**	**Total**	Canada	UK	Hewden	Total
Defined contribution plans	**$ 15,001**	**$ 1,072**	**$ 85**	**$ 16,158**	$ 15,126	$ 787	$ 119	$ 16,032
Defined benefit plans	**8,996**	**2,169**	**3,097**	**14,262**	5,885	(460)	1,338	6,763
Total benefit plan expense	**$ 23,997**	**$ 3,241**	**$ 3,182**	**$ 30,420**	$ 21,011	$ 327	$ 1,457	$ 22,795

11. SEGMENTED INFORMATION

The Company and its subsidiaries have operated primarily in one industry during the year, that being the selling, servicing and renting of heavy equipment and related products.

The reportable operating segments are:

Three months ended September 30, 2009 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	**$ 489,885**	**$ 376,849**	**$ 206,490**	**$ —**	**$ 1,073,224**
Operating costs	**(438,623)**	**(331,975)**	**(185,031)**	**(6,750)**	**(962,379)**
Depreciation and amortization	**(33,078)**	**(8,648)**	**(23,975)**	**(45)**	**(65,746)**
Other income (expenses)	**(3,424)**	**(221)**	**746**	**(1,130)**	**(4,029)**
Earnings before interest and taxes	**$ 14,760**	**$ 36,005**	**$ (1,770)**	**$ (7,925)**	**$ 41,070**
Finance costs					**(17,497)**
Provision for income taxes					**(1,905)**
Net income					**$ 21,668**
Identifiable assets	**$ 1,760,601**	**$ 1,110,195**	**$ 930,065**	**$ 91,493**	**$ 3,892,354**
Capital assets	**$ 307,081**	**$ 119,536**	**$ 97,287**	**$ 6,447**	**$ 530,351**
Gross capital expenditures (1)	**$ 19,116**	**$ 9,434**	**$ 871**	**$ —**	**$ 29,421**
Gross rental asset expenditures	**$ 14,586**	**$ 1,472**	**$ 9,751**	**$ —**	**$ 25,809**

Three months ended September 30, 2008 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	$ 748,910	$ 389,688	$ 324,558	$ —	$ 1,463,156
Operating costs	(638,963)	(343,879)	(275,134)	(10,275)	(1,268,251)
Depreciation and amortization	(45,080)	(8,269)	(31,102)	(52)	(84,503)
Other income (expenses)	(1,370)	(271)	(1,146)	(4,188)	(6,975)
Earnings before interest and taxes	$ 63,497	$ 37,269	$ 17,176	$ (14,515)	$ 103,427
Finance costs					(21,570)
Provision for income taxes					(16,969)
Net income					$ 64,888
Identifiable assets	$ 1,996,337	$ 1,133,365	$ 1,366,737	$ 107,943	$ 4,604,382
Capital assets	$ 266,338	$ 85,984	$ 122,849	$ 10,096	$ 485,267
Gross capital expenditures (1)	$ 14,726	$ 7,870	$ 4,137	$ 13	$ 26,746
Gross rental asset expenditures	$ 63,551	$ 17,732	$ 24,311	$ —	$ 105,594

(1) includes capital leases

Nine months ended September 30, 2009 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,784,809**	**$ 1,152,557**	**$ 665,046**	**$ —**	**$ 3,602,412**
Operating costs	**(1,570,609)**	**(1,001,455)**	**(601,821)**	**(18,835)**	**(3,192,720)**
Depreciation and amortization	**(103,032)**	**(28,489)**	**(74,024)**	**(136)**	**(205,681)**
Other income (expenses)	**(12,660)**	**(1,317)**	**(5,671)**	**(7,400)**	**(27,048)**
Earnings before interest and taxes	**$ 98,508**	**$ 121,296**	**$ (16,470)**	**$ (26,371)**	**$ 176,963**
Finance costs					**(48,797)**
Provision for income taxes					**(13,657)**
Net income					**$ 114,509**
Identifiable assets	**$ 1,760,601**	**$ 1,110,195**	**$ 930,065**	**$ 91,493**	**$ 3,892,354**
Capital assets	**$ 307,081**	**$ 119,536**	**$ 97,287**	**$ 6,447**	**$ 530,351**
Gross capital expenditures (1)	**$ 48,904**	**$ 33,904**	**$ 6,371**	**$ —**	**$ 89,179**
Gross rental asset expenditures	**$ 106,160**	**$ 17,365**	**$ 29,960**	**$ —**	**$ 153,485**

Nine months ended September 30, 2008 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	$ 2,390,927	$ 1,037,303	$ 996,444	$ 3	$ 4,424,677
Operating costs	(2,082,150)	(903,094)	(849,369)	(30,220)	(3,864,833)
Depreciation and amortization	(119,315)	(23,758)	(95,243)	(157)	(238,473)
Other income (expenses)	(2,023)	(508)	11,429	(9,088)	(190)
Earnings before interest and taxes	$ 187,439	$ 109,943	$ 63,261	$ (39,462)	$ 321,181
Finance costs					(61,871)
Provision for income taxes					(56,485)
Net income					$ 202,825
Identifiable assets	$ 1,996,337	$ 1,133,365	$ 1,366,737	$ 107,943	$ 4,604,382
Capital assets	$ 266,338	$ 85,984	$ 122,849	$ 10,096	$ 485,267
Gross capital expenditures (1)	$ 124,735	$ 29,611	$ 10,915	$ 9,462	$ 174,723
Gross rental asset expenditures	$ 217,890	$ 36,472	$ 136,080	$ —	$ 390,442

(1) includes capital leases