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From Subject Received

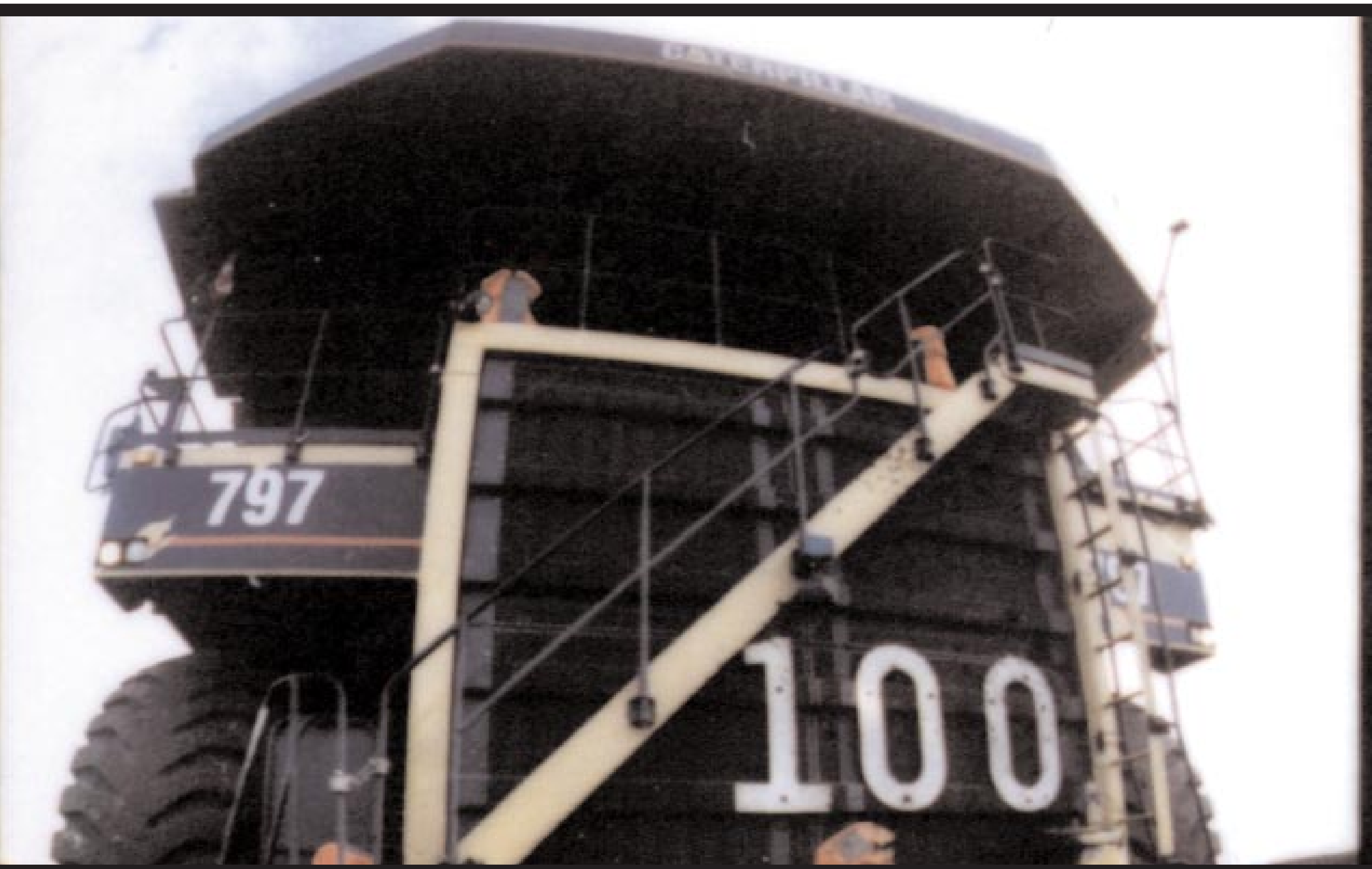
<www.finning.com>

From: Miles Hunt, General Manager, Oil Sands, Ft. McMurray Alberta
Sent: Wednesday, October 13, 1999 4:07 PM
To: Doug Whitehead, President and C.O.O., Finning International
Cc: Ian Reid, President and C.O.O., Finning (Canada)
Subject: Syncrude / Suncor 797 Truck Orders

Here's an overview of the current situation with respect to the placement of Caterpillar 797 Mining Trucks in the Oil Sands:

Syncrude Canada Ltd. and Suncor Energy Inc. have placed orders with us for a total of ten Caterpillar 797 mining trucks. The trucks are rated at a payload of 360 tons, and will go to work by year-end at Syncrude's North Mine and Suncor's Steepbank Mine.

Syncrude also placed orders for eight more 797's that will be delivered and commissioned in April and May of 2000. These trucks will work at Syncrude's Aurora Mine.

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From Subject Received

SERVICE ORDER

From: Griffin Keyes, Finning Canada (Red Deer) Customer Service
Sent: January 7, 2000 9:43 AM
To: Ron Fletcher, Finning Canada (Vancouver)
Subject: D7 Ripper Beam

Hello Ron. A ripper beam on a customer's D7H oilfield construction unit has experienced a unique problem. Laverne Law was on site and took some digital pictures. Could you take a look and help me determine the cause of failure?
I have the pieces in my shop now and could send them to you if required.

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From Subject Received

<u>UPDATE</u>

From: Greg F. Andrews, Maintenance Superintendent, BHP Diamonds

Sent: Thursday, Jan 20, 2000 11:19 AM

To: Jan Hermann, CSA Coordinator, Finning Canada

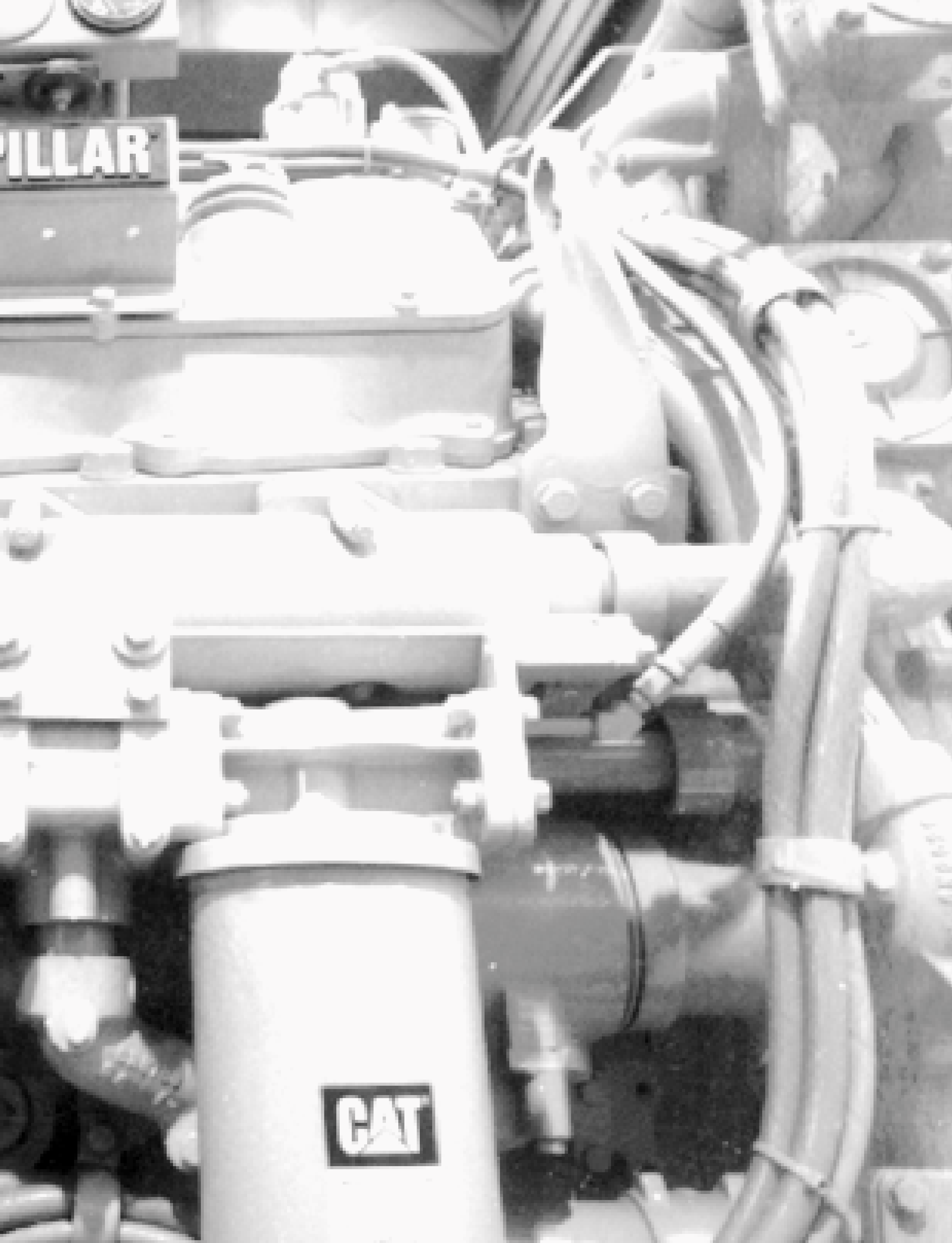
Subject: Re: equipment

Jan: Thanks a million, everything came through okay.

We've purchased 2 Drilltechs with engines and we're in the process of purchasing
a CAT 210 kw Genset on a trailer. It'll have a 3306 engine. Can you send info separately for now.

Thanks again, I'll be in my office for most of the day.


CATERP
CAT
CAT


PILLAR
CAT

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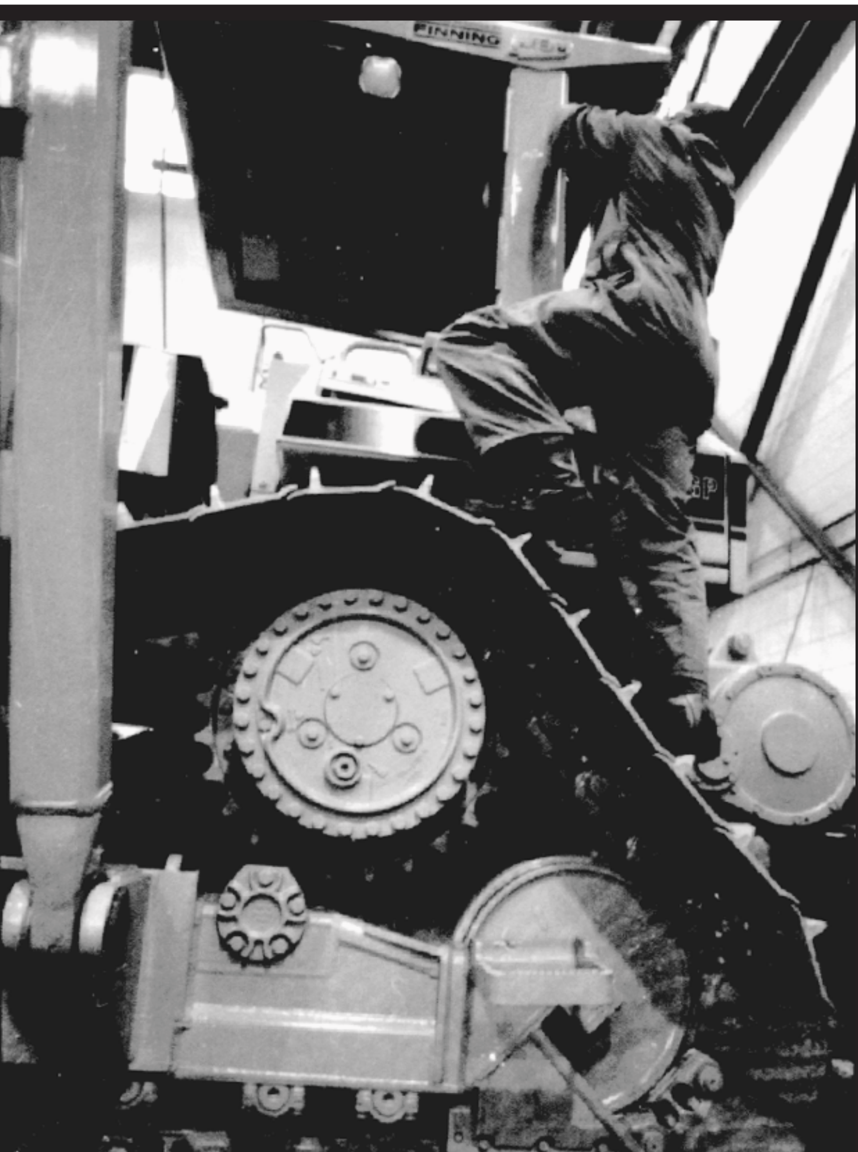
From Subject Received

USED EQUIPMENT

From: steve nefzger/rust tractor
To: lzerebeski@finning.ca
Subject: 518 Skidder

We're looking for a 518 Grapple Skidder down here in Albuquerque, New Mexico.
Tell ole Gary Summers to get to work.
Thanks and adios.

Steve



"SERVICE IS BEHIND EVERYTHING WE DO"

-- Jim Shepard, Chairman and C.E.O.

service

I am pleased to report that Finning International provided shareholders with significantly higher earnings in 1999 even though markets were still in recovery mode. Net income and cash flow increased while overall assets were diligently reduced.

Strategically, the Company has started to re-design itself, shifting from a selling business that provides product support to a customer support business that sells. Finning's operations are focused on growing value-added businesses and developing new standards and internal processes. These improvements are unfolding at a time when many of our customers are seeing momentum returning to their industry sectors.

Looking back to the first quarter of 1999, our Company was facing low commodity prices with Chilean and British economies in decline. To counter these market conditions, we moved quickly to implement cost and asset reduction programs. Despite a decline in revenue of 14%, the Company's operating margins improved in 1999 and net income increased to $59.6 million from $3.2 million in the previous year. Clearly, these results could not have been achieved without the teamwork and commitment of Finning employees throughout our organization.

During the year, our major corporate objectives were to reduce assets by $180 million and lower operating expenses by $22 million. These ambitious goals were to be achieved without any adverse effect on customer service – and they were. At the end of the year, we exceeded our planned objectives as inventory levels dropped by $203 million and expenses declined by $30 million. Total debt decreased by $234 million, restoring strength to the Company's balance sheet.

is behind

Through our internal re-design process, the Company is revisiting many of its performance benchmarks. We are targeting those areas where Finning can improve operating efficiency and strive for “best in class”. Based on this process, we have set goals for the Company in terms of asset management, productivity and growth. We recognize our customers must see the benefits of these efforts and service levels must continue to be the highest in the marketplace.

> SERVICE

Consequently, our operations are assigning more service technicians to the field so they can respond faster to customer demands, thereby increasing machine availability. Additionally, customer service levels have been enhanced with centralized call centers. In 1999, test pilot programs in each of our operations showed improved inventory turnover rates through focused asset and logistics management.

Finning (Canada), with Caterpillar’s support, launched a new e-commerce initiative to sell over the internet. Building on this success, the e-commerce channel will be expanded company-wide in 2000. We see the internet becoming increasingly important in serving our existing customers and reaching new customers.

A vital component of our business is Caterpillar’s leadership in technology, providing the most highly productive equipment in the industry. Our dedicated sales teams, working closely with Caterpillar, are focused on growing market share and advancing Cat’s expanding product line. For example, in the U.K., we see significant growth opportunities with Caterpillar’s new compact equipment line. In Canada, the new 797 mine truck performed well in field-testing and in 1999 we sold nine of these units to our largest customers in the Athabasca Oil Sands. In 2000, these new trucks – the largest in the world – will also be delivered to customers in Chile to further improve copper mining productivity. Recent major initiatives by Caterpillar in agriculture and power systems will open new markets in many of Finning’s operations.

everything

A key area of focus for management in 1999 was safety in the work environment. At Finning, we're only safe when each of us cares about each other – and ourselves. "No Accidents Today" is the daily goal we will use to gain world class status for safety in our workplace. With everyone's commitment we will achieve that standard. In addition, the Company will continue to meet environmental requirements through recycling, re-use and waste disposal programs.

On the topic of management, I have announced that I will be stepping down from the position of Chairman and C.E.O. at the Company's annual meeting on April 26th. One of my major responsibilities before retiring has been to help set a strategic course for the Company and ensure there is strong management in place to execute that plan. We have internationally experienced executives leading each of our operations, and we have selectively recruited top talent to take advantage of new technology opportunities. I know that Finning will achieve its future goals with the strong team in place under the leadership of Doug Whitehead.

>TEAMWORK

I am also very pleased to announce the appointment of Mr. John Cleghorn, of Royal Bank of Canada, and Mr. John Willson, of Placer Dome, to Finning's Board of Directors. Their experience will provide additional strength to the Company's Board which will play an important role in the future growth of the Company.

As I look back over my 31 years with Finning, I am very proud to have served with such a team of talented people. The Company has grown tremendously – both internally and through acquisitions – and it is now an international operation with solid roots in three continents. I see a bright future for exceptional shareholder returns as Finning engages in new e-commerce channels, expanded product lines, greater customer support services and other opportunities for growth. Finning has remained profitable and served its shareholders well over 67 years of change – not because it coped with change, but because it drove change. Going forward, Finning's management will continue this effort under the guidance of our Board of Directors.

we do.

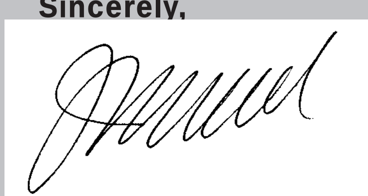
After years of valued service, Carl Cederberg, Michael Koerner and Bob Wyman will be retiring in early 2000. Carl joined Finning in 1971. After numerous successful postings, his distinguished career concludes as President of Finning Chile. Michael joined the Board in 1978 and served with distinction in the role of Chairman of the Audit Committee. Bob joined the Board in 1987 and served on a number of committees and was non-executive Chairman of the Board from 1992 to 1996. Their contributions were significant in building the long- term success of the Company.

Finning's success over the years would not have been possible without its valued relationship with Caterpillar. Through Caterpillar's leadership in equipment design, manufacture and service, we have been able to help our customers be successful. I have had the good fortune to work with some of the senior officers who have helped forge the indelible Caterpillar stamp of success on the heavy equipment industry worldwide. I especially appreciated the opportunity of working with the executive team under the very able guidance of Glen Barton, Chairman and Chief Executive Officer.

It has been an honour and pleasure to serve as Chairman and CEO of this wonderful Company. I wish to thank the Board, the Management, and every Employee, who have all shown their commitment to making our Company and our customers successful.

In conclusion, I wish to thank our shareholders for their confidence over the years. Let me assure you that Finning management is well prepared for the unfolding opportunities of the new business world and keenly aware of its responsibility to deliver growth in shareholder value.

Sincerely,



James F Shepard
Chairman and Chief Executive Officer

v **Doug Whitehead**
President and Chief Operating Officer
Finning International Inc.
Vancouver, BC Canada

v **Sue Hinton**
Receptionist/Telephonist
Cannock, U.K.

v **Rick Mahler**
Executive Vice President
and Chief Financial Officer
Finning International Inc.
Vancouver, BC Canada

^ **Carl Cederberg**
Vice Chairman
Finning Chile S.A.

v **Jack Carthy**
Managing Director
Finning (UK) Ltd.

^ **Felipe Fierro**
Technical Mechanic
Santiago Branch, Chile S.A.

v **Gilles Leclerc**
Heavy Duty Mechanic
Component Rebuild Centre
Edmonton, AB Canada

v **Neil Dickinson**
Divisional Director
Power Systems
Cannock, U.K.

^ **Ian Reid**
President and
Chief Operating Officer
Finning (Canada)
Edmonton, AB Canada

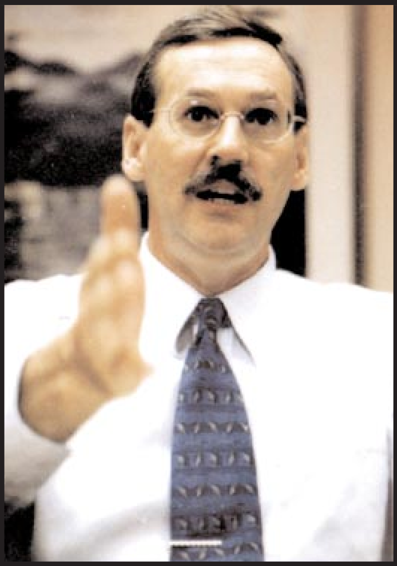
THE FACE OF SERVICE

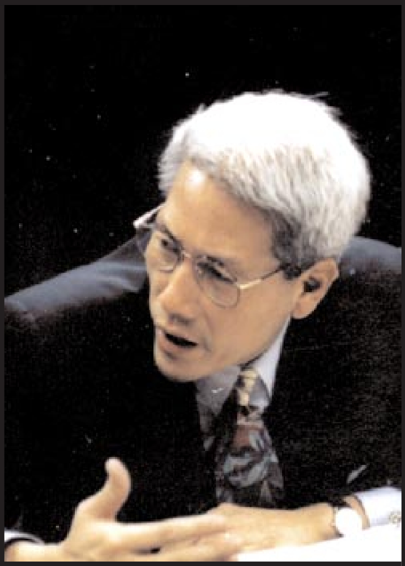
^ **Brian Bell**
Executive Vice President
Customer Support Services
Finning International Inc.
Vancouver, BC Canada

v **Jim Shepard**
Chairman and Chief Executive Officer
Finning International Inc.
Vancouver, BC Canada

v **Cheryle Kjelson**
Customer Service System Trainer
Langley, BC Canada

v **Horace Ho**
Executive Vice President
Human Resources
Finning International Inc.
Vancouver, BC Canada





^ **Alan Tubey**
Field Service Engineer
Cannock, U.K.

v **Nick Lloyd**
President and
Chief Executive Officer
Finning Chile S.A.
Santiago, Chile

v **Albert Pombert**
Supervisor
Component Rebuild Centre
Edmonton, AB Canada

v **Steve Ollinger**
Customer Service Manager
Edmonton, AB Canada

REVIEW OF OPERATIONS

HIGHLIGHTS Finning International achieved higher earnings and cash flow in 1999 despite lower revenue in each of its operating units. Net income increased significantly to $59.6 million, or $0.75 per share, from $3.2 million, or $0.04 per share the previous year. Cash flow from operations was $251 million, up 11% compared with the twelve months of 1998.

Consolidated revenue decreased in 1999 by 14% to $2.2 billion compared with $2.6 billion the previous year. Two of the dealer territories in which Finning operates, namely the U.K. and Chile, experienced lower economic activity. Chile's gross domestic product declined by 1% in 1999 while the U.K. avoided near recession with an increase to GDP of 1.6%.

Despite lower activity levels, earnings improved in 1999 due to higher gross margins and lower operating expenses. The reduction in operating expenses reflected the Company's restructuring program implemented in 1998 and its continued cost reduction efforts in 1999. In addition, as a result of the Company's focus on asset management, equipment and parts inventories declined by $231 million, or 27% in 1999. This resulted in a reduction of the Company's interest expense by $9 million, or 12.5%. At year end, Finning's operating debt-to-equity ratio declined to 0.47-to-1.0 compared with 0.97-to-1.0 at December 31 1998.

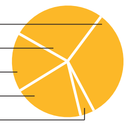
NEW EQUIPMENT REVENUE New equipment sales were down 22% to $0.9 billion in 1999 as weaker sales were reported in all dealer territories. In particular, new equipment sales in Chile were down $134 million or 53% because of lower copper mining and decreased construction activity. Total unit deliveries of new equipment declined 17% in 1999.

USED EQUIPMENT REVENUE Used equipment sales decreased 27% to $311 million primarily due to lower sales activity in the U.K. and by Universal Machinery Services. Used equipment sales in the U.K. continued to decline due to the strong pound sterling and lower activity. In addition, the 1998 revenue included the one-time sale of $15 million in excess inventory in the U.K. and a large package of pipeline rental equipment in UMS.

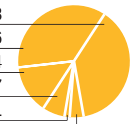
REVENUE BY ACTIVITY

($ MILLIONS)	1999		1998		CHANGE
New equipment	$ 856	38%	$ 1,103	43%	(22%)
Used equipment	311	14%	425	16%	(27%)
Equipment rental	156	7%	170	7%	(8%)
Operating leases	96	4%	91	3%	5%
Customer support services	798	36%	783	30%	2%
Finance and other	13	1%	13	1%	—
	$ 2,230	100%	$ 2,585	100%	(14%)

REVENUE BY GEOGRAPHIC SEGMENT (%)	
United Kingdom	32
Alberta / Northwest Territories	27
Chile	17
British Columbia / Yukon	20
International	4



CONSOLIDATED REVENUE (BY ACTIVITY) (%)	
New equipment	38
Customer service	36
Used equipment	14
Equipment rental	7
Finance and other	1
Operating leases	4



RENTAL REVENUE Rental revenue declined 8% to $156 million. In Canada, rental revenue declined 10% primarily due to lower activity in the first half of the year. In the U.K., rental revenue was flat while in Chile revenue declined 29% as a result of lower machine utilization at the Econor gas pipeline project near Antofagasta. Rental revenue was reclassified in 1999 to include the revenue contribution from equipment currently under rental-purchase contracts. In previous years, the principal from rental-purchase billings was included in new and used equipment revenue while the interest portion was included in finance revenue. Under this reclassification, rental revenue includes all revenue from rental purchase equipment as well as revenue from regular rent-to-rent agreements.

OPERATING LEASES Total operating lease revenue increased 5% to $96 million in 1999. Leasing revenue is comprised of principal and interest on billings to customers for leased equipment. Previously, the principal amount of the lease was reported as a component of new and used equipment revenue and the interest portion was reported as finance revenue. Finning (Canada)'s revenue from operating leases increased 7% while in Finning Chile it declined below $1.0 million in 1999. The Finning dealership in the U.K. does not hold any operating leases.

CUSTOMER SUPPORT SERVICES Total parts and service revenue was $798 million, a 2% increase from the prior year. Revenue increased 10% in Chile and declined 2% in Canada. In the U.K., customer service was flat despite low economic activity levels. The increase in Finning Chile reflected the increased servicing requirements of a higher machine population in the territory. Used parts revenue in Universal Machinery Services was basically flat at $10 million in 1999.

FINANCE REVENUE Finance revenue in 1999 was flat at $13 million. Finance revenue in Finning (Canada) decreased 14% to $10 million compared with the prior year. Finance revenue in Chile increased to $3.1 million, while revenue in UMS declined to $0.1 million. Due to the reclassification of revenue in 1999, the majority of the finance revenue is now being reflected under operating lease revenue and rental revenue. The majority of finance revenue represents interest earned on notes receivable, which increased 51% to $119 million at the end of 1999. In 1998, the sale of a portion of the Canadian finance portfolio was made to Caterpillar Financial Services Ltd. Finning and Caterpillar Finance have arrangements in place to provide customers with competitive financial services in each of Finning's dealer territories.

CONSOLIDATED REVENUE/ NET INCOME/ EARNINGS PER SHARE

($ THOUSANDS)	**1999**		1998	
New equipment	$ 856,154		$ 1,102,585	
Used equipment	311,429		424,593	
Equipment rental	155,659		170,063	
Operating leases	96,014		91,381	
Customer support services	797,472		783,445	
Finance and other	13,133		13,354	
Revenue	$ 2,229,861		$ 2,585,421	
Net income	$ 59,600	$ 0.75	$ 3,185	$ 0.04
Non-recurring items	—	—	15,461	0.19
Adjusted net income	$ 59,600	$ 0.75	$ 18,646	$ 0.23

NET INCOME

Net income increased significantly to $59.6 million, or $0.75 per share, from $3.2 million, or $0.04 per share the previous year. During the twelve months ending December 31, 1998, earnings were negatively affected by non-recurring charges of $0.19 per share due to the relocation of Finning Canada's head office to Edmonton and other restructuring costs. Excluding these non-recurring items, earnings per share were $0.75 compared with $0.23. Cash flow from operations was $251 million, up 11% compared with the twelve months of 1998.

Canadian operations improved significantly in 1999 contributing $43.2 million to consolidated net income, an increase of 25% from 1998. The U.K. operations generated income of $5.9 million in 1999 compared with a loss of $32.2 million the previous year. Net income from Chilean operations was $15.5 million in 1999 compared with $3.4 million in 1998. International operations, which includes the contribution from Universal Machinery Services, corporate interest charges and head office expenses, showed a loss of $5.0 million in 1999 compared with a loss of $2.8 million the prior year.

The Company's overall gross profit margin increased to 26.1% in 1999 compared with 22.5% the previous year. Slightly higher new and used equipment margins contributed to this improvement. In addition, a higher proportion of revenue came from customer services which generates a higher gross margin than equipment sales. Selling expenses decreased 8% and general and administrative costs were lower by 13% year-over-year. The greatest reductions in operating expenses were made in Canada and the U.K. In total, selling, general and administrative expenses were down 9% to $432.4 million in 1999.

Finance costs and interest on other indebtedness decreased to $65.8 million, down 13% from the prior year. This resulted from the Company's asset reduction program that focused on reducing working capital and improving inventory turnover. Each of the operating units reduced their borrowing costs, with Chile achieving the largest year-over-year reduction.

In terms of lines of business, Finning classifies the majority of its new and used equipment sales as well as its customer service business under Operations. In 1999, net income from Operations improved significantly from a net profit of $0.5 million in 1998 to $59.7 million in 1999. Each operating unit, with the exception of Universal Machinery Services, generated higher earnings in 1999. The Company's income contribution from Rental Operations decreased 37% due to lower rental equipment utilization in the U.K. and Canada. Income from Finance Operations, including income generated from notes receivable and operating leases, increased 13% in 1999 due primarily to lower loan losses. The Company's segmentation of lines of business and the allocated capital structure for each line is contained on page 27 in this section.

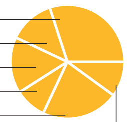
In 2000, the Company expects market conditions to improve in each of its dealerships as commodity prices improve and economic activity is forecast to increase in each territory. Finning expects activity levels in Western Canada to improve modestly in 2000 as the economies of British Columbia and Alberta improve year-over-year. In Chile, the economy is expected to recover with copper prices in the 75 to 85 cent range and the country's national elections completed. In the U.K., the economy is expected to improve in 2000 but largely due to higher retail spending, not large infrastructure expenditures and industrial expansion. Additionally, the Company will continue its cost reduction and asset management programs in 2000 and expects overall results to be higher compared with 1999.

NET INCOME

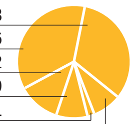
($ THOUSANDS)	**1999**	1998
Operations	$ 59,723	$ 490
Rental	4,918	7,840
Finance	5,464	4,853
Consolidated[1]	$ 59,600	$ 3,185

1 eliminating entries not shown in this table

CANADIAN EQUIPMENT DELIVERIES BY MARKET (CONVERTED TO SALES DOLLARS) (%)	
Mining	30
Power systems	13
Construction	16
Petroleum	9
Forestry	22
Other	10



CANADIAN REVENUE (BY ACTIVITY) (%)	
New equipment	33
Customer service	36
Used equipment	12
Equipment rental	9
Finance	1
Operating leases	9



CANADIAN OPERATIONS

HIGHLIGHTS Finning (Canada) improved its operating efficiency in 1999 and reported higher income despite a decrease in total revenue of 9%. Net income was $43.2 million for the 12-month period ending December 31, 1999, an increase of 25% compared with the previous year.

In the second half of 1999, Finning (Canada) experienced a higher rate of activity in many of its sectors. Although new unit deliveries were down 15% in 1999, unit deliveries in the second half of the year were up 21% over the same period in 1998.

Forestry revenues increased 28% in 1999 and contributed to a modest 1% growth in revenue from operations in British Columbia. A weak petroleum sector early in 1999 and lower mining revenues resulting from the downturn in the coal industry contributed to a 16% decline in revenues in Alberta and the Northwest Territories. Higher oil prices in the latter part of 1999, however, started to generate increased activity in the petroleum sector.

During 1999, Finning (Canada) completed the relocation of its head office to Edmonton from the Company's previous location on Great Northern Way in Vancouver. The closure of five branches and the downsizing of five others were also completed during the year and an early retirement program was offered in the first quarter of 1999. At year-end, Finning (Canada) had 31 branches and 8 depots. Employees totaled 2,271 compared with 2,494 at the end of 1998.

FINANCIAL REVIEW

NEW EQUIPMENT REVENUE New equipment sales declined 18% to $342 million in 1999. Unit deliveries of new equipment declined 32% but the average price of the delivered units increased, primarily as a result of larger equipment being sold to customers in the Oil Sands. The largest declines in unit deliveries were in the petroleum, mining and constructions sectors (down 48%, 20%, and 13% respectively). Power systems revenue fell 30% in 1999. Petroleum and power systems revenue were impacted by lower activity in the energy sector in the first half of the year.

USED EQUIPMENT REVENUE Domestic used equipment sales declined $20 million, down 12% from 1998, reflecting both lower unit sales to the mining sector and competitive pricing pressures.

RENTAL REVENUE Rental fleet revenue was down 10% in 1999 primarily due to the lower contribution from equipment rental purchase contracts (often referred to as RPOs, or rental-purchase options). Canadian rental purchase assets were down 18% to $57 million due to lower deliveries into rental-purchase contracts and high conversion rates during the year.

CANADA REVENUE/ NET INCOME/ EARNINGS PER SHARE

($ THOUSANDS)	1999		1998	
New equipment	$ 342,435		$ 417,320	
Used equipment	125,368		143,148	
Equipment rental	89,634		99,567	
Operating leases	95,427		89,296	
Customer support services	370,131		375,992	
Finance and other	9,927		11,594	
Revenue	$ 1,032,922		$ 1,136,917	
Net income	$ 43,250	$ 0.54	$ 34,747	$ 0.44
Non-recurring items	—	—	8,191	0.10
Adjusted net income	$ 43,250	$ 0.54	$ 42,938	$ 0.54

OPERATING LEASES In 1999, leasing revenue increased 7% to $95 million. Leasing revenue is comprised of principal and interest on billings to customers for leased equipment. New equipment units delivered into leasing contracts increased 11% compared with the previous year. The amount of equipment leased to customers was $270 million, an increase of 14% from December 1998.

CUSTOMER SUPPORT SERVICE Parts and service revenue decreased slightly to $370 million, down 2% from the prior year. Parts revenue was down 5% due to lower volumes in Alberta. Customer service revenue increased 14% with improved revenue coming from customer service maintenance contracts. Increased activity in Oil Sands mining, forestry, pipeline construction and diamond mining in the Northwest Territories have provided Finning (Canada) with the opportunity to increase parts and service revenue in these sectors.

FINANCE REVENUE Finance revenue was down 14% in 1999 due to the June 1998 sale of more than half of Finning's finance portfolio to Caterpillar Financial Services Ltd. Since the sale in mid-year 1998, the instalment notes receivable portfolio has increased by 30% to $106 million. The majority of the interest on notes receivable is earned on used equipment.

NET INCOME Net income from Canadian operations increased 25% to $43.2 million compared with $34.7 million in 1998. Excluding non-recurring items in 1998, net income was up 1% over 1998. The net income margin, excluding non-recurring items, increased to 4.2% in 1999 from 3.8% in 1998.

The improvement in net operating earnings despite lower revenues was primarily the result of lower selling expenses, which declined $19 million, and a decline in general and administrative expenses of $26 million ($12 million excluding the pre-tax non-recurring items mentioned above). In addition, interest expense was $2 million lower due to lower average debt levels resulting from reduced asset levels. Gross profit margins improved slightly in 1999 to 29.9% primarily due to a shift in revenue to customer support service from equipment revenue.

New equipment margins decreased from 1999 levels, reflecting the significance of lower margin large mining unit sales and general market competitiveness. Used equipment margins were also lower reflecting higher obsolescence charges in the year, sale of aged inventory at lower margins and increased competition.

Service margins and parts margins were higher during 1999. Service margins benefited from increased efficiency on customer service maintenance contracts, while parts margins benefited from foreign exchange gains earlier in the year.

INDUSTRY REVIEW

MINING In 1999, depressed coal prices more than offset expansion in Oil Sands mining. As a result, deliveries of new mining units by Finning (Canada) decreased 30% while the average price per unit increased 14% due to the sale of large mining units into the Oil Sands. The decline in mining deliveries occurred primarily in the first half of 1999. Mining unit deliveries during the year accounted for 10% of total new general line equipment deliveries and 35% of the revenue, making it the largest end market for Finning (Canada). In 1999, the first Caterpillar 360-ton 797 mining trucks were delivered to the Oil Sands in northeastern Alberta.

Syncrude Canada Ltd. is continuing its planned expansion of its Oil Sands operation at the Aurora Mine property, north of its Mildred Lake upgrading complex. A further eight 797s have been scheduled for delivery in 2000, along with several large support machines. Suncor Energy is proceeding with its expansion across the Athabasca River to its Steepbank Mine, and with its Millennium expansion project. In addition, Shell Canada Ltd. announced it was proceeding with its Muskeg River project with partners Chevron Canada Resources Ltd. and Western Oilsands Inc. Approval was received for the project in 1999 and production is expected to begin in the fourth quarter of 2001. Finning has a strategic alliance with BHP Diamonds Inc. ("BHP") for all mechanical and parts support requirements at the Ekati diamond minesite in the Northwest Territories, jointly owned by BHP and Dia Met Minerals Ltd.

PETROLEUM Deliveries of new units to the petroleum sector by Finning (Canada) decreased 45% in 1999. Compared with last year, deliveries were down 77% in the first half of the year but were up 51% in the fourth quarter. Petroleum related equipment revenues declined 48% from the prior year. The petroleum activity is focused on the oil and gas industry as well as pipeline construction. Drilling activity in Western Canada was flat compared with 1998 as oil prices were low in the first quarter of the year but more than doubled before year end. Drilling activity is anticipated to increase between 40% and 50% in 2000 and 2001. Pipeline construction activity remained high, especially with the building of the Alliance natural gas pipeline from northern B.C. to Chicago, Illinois. Activity for well tie-ins, based on higher natural gas production and exploration, has started and should remain high for the balance of 2000.

FORESTRY Unit deliveries of new forestry machines increased 8% in 1999 and the average price per unit increased 18%. The interior forest industry in British Columbia, buoyed by continued growth in the U.S. economy, experienced increased activity in 1999. Louisiana-Pacific Corp. and Ainsworth Lumber Co. Ltd. both announced new mills construction in northeastern B.C. that will require additional log supply from that area. Coastal forestry improved in the second half of the year when Asian demand began to increase modestly. Early in 1999, Canadian Forest Products Ltd. ("Canfor") decided to extend its 'Power by the Hour' agreement with Finning (Canada) to all of its Northern Interior solid wood mills, covering nine operations in B.C. and Alberta. Under the agreement, more than 30 machines have been delivered to Canfor. Finning (Canada) also entered into a supply agreement with Weyerhaeuser Company for wheel loaders and log stackers for their Vancouver Island and Queen Charlotte operations. The initial agreement is for more than 20 units.

CONSTRUCTION Deliveries of new construction units by Finning (Canada) declined 6% for the year, despite a strong surge in fourth quarter sales. The value of those unit deliveries was down 13% compared with 1998. Overall, construction sales activity in Alberta in 1999 outperformed B.C. due to increased demand in the governmental and commercial sectors. Deliveries of paving equipment, compactors, and articulated dump trucks were lower in 1999 as residential housing starts declined as did orders from public works departments in Alberta.

POWER SYSTEMS Power systems revenue declined 30% despite a modest 7% increase in unit deliveries due primarily to fewer large project sales in the year. Unit sales in the second half of 1999 were higher than in the first half of the year. Unit demand rose in the gas compression market and noticeably in electrical power generation, which was influenced by demand for backup power relating to the year 2000 issue. A successful 18-megawatt power station contract for Jupiter Power's C1 project in Cambodia is expected to be a precursor to an additional project of equal size in 2000. The development of the Diavik diamond mine in the Northwest Territories has led to several gensets being placed for a total of 5-megawatt. These units will be used for construction power in 2000.

UNITED KINGDOM OPERATIONS

HIGHLIGHTS Total revenue for Finning (UK) in 1999 was $713 million, a decrease of 10% compared with the previous year. The 1999 results were affected by a 2.2% depreciation of the pound sterling against the Canadian dollar.

Finning (UK)'s operations continued to face a difficult operating environment in 1999. The British economy recorded growth of only 1.6% and aside from the Channel Tunnel Rail Link there were few large infrastructure projects in the UK. The value of the pound sterling continued to be high in 1999, which made the sale of used equipment overseas less competitive and the purchase of European products in the UK market a viable proposition. This led to sustained competition from European produced products.

During the year, five depots in the UK were closed of which three were the result of the sale of BCP Plant Hire in February 1999. In addition, Finning (UK) continued to relocate operations and reorganise functions. This allowed for the closure of Wigan branch and the consolidation of used equipment and rental operations to the Cannock area adjacent to head office. The Windsor branch was also closed with the remaining operations transferred to premises in Slough. During the year, Finning (UK)'s employee workforce increased slightly by 1% to 1,364.

FINANCIAL REVIEW

NEW EQUIPMENT REVENUE New equipment revenue was down 9% to $394 million as unit deliveries decreased 6%. The balance of the shortfall was primarily due to a change in mix in favour of lower-valued, smaller construction machines.

USED EQUIPMENT REVENUE Used equipment revenue was $76 million, a decrease of 36% from the prior year. Fewer refinancing packages were made in 1999 compared with a total of $23 million completed in 1998.

CUSTOMER SUPPORT SERVICE Parts and customer service revenue had a small increase of 0.6% to $196 million for the year. Competition from alternative service providers made for a competitive environment in the UK. There is improved focus in respect of customer support with additional management resources being applied at a divisional level.

RENTAL REVENUE Equipment rental revenue decreased by $0.2 million to $46 million in 1999. The BCP Plant Hire Division was sold in February 1999. During the year, Finning (UK) expanded its fleet to meet the needs of the cross hire sector. Cross hire involves renting equipment to customers (plant hirers) who in turn charge a rental fee for its use on projects, either manned or unmanned. The total rental assets increased by 70% to $74 million in 1999.

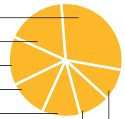
NET INCOME Finning (UK) reported a profit of $5.9 million in 1999 compared with a loss of $32.2 million in 1998. Excluding non-recurring items, the year-over-year improvement in net income was $31.7 million.

The operation's after-tax margin (excluding non-recurring items) increased to 0.8% from negative 3.3%, while the gross profit margin increased by 5.1% from the prior year. New equipment margins increased slightly in 1999 while used equipment margins experienced significant improvement following the reserves that were taken against overvalued used equipment inventory at the end of 1998. Rental equipment margins were higher while parts margins declined and service margins remained flat.

UNITED KINGDOM REVENUE / NET INCOME / EARNINGS PER SHARE

($ THOUSANDS)		1999		1998
New equipment	$ 394,053		$ 431,705	
Used equipment	76,086		119,521	
Equipment rental	46,484		46,642	
Operating leases	—		—	
Customer support services	196,318		195,132	
Finance and other	—		—	
Revenue	$ 712,941		$ 793,020	
Net income (loss)	$ 5,903	$ 0.07	$ (32,231)	$ (0.41)
Non-recurring items	—	—	6,408	0.08
Adjusted net income (loss)	$ 5,903	$ 0.07	$ (25,823)	$ (0.33)

U.K. EQUIPMENT DELIVERIES BY MARKET (CONVERTED TO SALES DOLLARS) (%)	
Plant hire	29
Power systems	17
Construction	14
Materials handling	11
Quarrying	11
Mining	9
Other	9

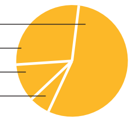


Selling, general and administrative expenses, excluding non-recurring items, decreased 11% from the prior year. This is a reflection of both lower revenue levels and action taken in 1998 to reduce the cost base in the UK. Cost saving initiatives are continuing into 2000. Interest expense for Finning (UK) declined by 18% during the year, reflecting lower debt levels with continued focus on asset management. The reduction in borrowing rates during the year also contributed to the reduction in interest expense. Interest rates declined during the year with the base rate at the Bank of England moving down 75 basis points lower to 5.5% at the year end.

INDUSTRY REVIEW

CONSTRUCTION AND PLANT HIRE Government approval and spending on infrastructure projects continued to be constrained under the Labour government in 1999. Work on the Channel Tunnel Rail Link began in the first quarter of 1999 that stimulated some activity. The delay in the start of the Birmingham Northern Relief Road continued, although work on this project has been confirmed as starting in the fourth quarter of 2000. Private and commercial investment in construction increased 2% in 1999 with light construction activity outpacing heavy construction. The plant hire business saw a year of consolidation, a trend that is likely to continue into 2000. This trend resulted in very competitive hire rates in the market. In 1999, Finning (UK)'s sales of new equipment to the construction and plant hire industries increased by 18% compared with the previous year. Unit deliveries increased by 19% reflecting demand from the Channel Tunnel Rail Link project. The introduction of Caterpillar's compact construction equipment line was well received in the market with sales only limited by availability of supply. The reliability of the machines has proven to be excellent and expectations for sales in 2000 are high.

U.K. REVENUE (BY ACTIVITY) (%)	
New equipment	55
Customer service	28
Used equipment	11
Equipment rental	6



QUARRYING National output of crushed rock, sand and gravel, including marine-dredged sand, remained stable at 220 million tons. The demand for these products was sustained by the requirement for road repair and reconditioning. Consolidation within the quarrying industry continued with a trend towards customer support agreements, preferred suppliers and single source agreements. Finning (UK) entered into five national parts and service contracts with major quarrying companies in 1999. New equipment sales in this sector decreased by 19% with unit deliveries declining by 6%.

OPEN PIT MINING New mine development within England and Wales is consistently affected by environmental issues with the majority of open pit mines being located in Scotland. Coal production levels in 1999 remained consistent with 1998 quantities of 15 million tonnes. New equipment sales to this sector decreased by 9% from the prior year with unit deliveries decreasing by 5% reflecting fewer rigid dump truck deliveries.

POWER SYSTEMS Revenue in the power system division decreased 11% while unit deliveries improved by 6%. Engine unit deliveries to pleasure craft builders were down by 32% in 1999, although this was partially offset by customers ordering larger engines. Commercial Marine sales declined 14% by value, although orders were higher than the previous year and many of these are scheduled for delivery in 2000. Unit sales of diesel generators increased 225% in 1999, with a significant increase in activity with Internet providers. Industrial engine deliveries remained flat due to the strength of the pound sterling and its impact on UK exports. Rental revenue improved 17% reflecting activity at year end for back-up power requirements and an overall increase in sales coverage. Sales of gas and diesel-fired power generation and engines for the marine pleasure craft industry are expected to increase in 2000.

MATERIALS HANDLING Materials handling revenue in Finning (UK) declined 22% in 1999 with unit deliveries of lift trucks down 26%. This was partially due to production delays at Mitsubishi-Caterpillar's plant and a preference in the market to rent rather than buy. Competition remains aggressive and in 1999 regional rental centres were established to provide customers closer proximity to support services.

CHILEAN OPERATIONS

HIGHLIGHTS Total revenue in Finning Chile decreased 25% to $378 million in 1999 as unit deliveries of new equipment were lower by 41%. Sales activity levels in the mining and construction industries, which together represent approximately 60% of Finning Chile's total revenue, were down significantly. The main reason for the reduction in activity was the rapid slowdown in the Chilean economy, which went into recession in 1999 with GDP of negative 1%. This was partially due to lower copper prices, which dropped to 61 cents a pound in the first quarter before recovering to 82 cents at the year end. The lower copper prices caused many mining companies to postpone investment in new equipment in 1999. Higher interest rates early in the year stalled private construction activity in both the commercial and residential sectors.

During the year, Finning Chile reorganized several of its branches and reduced its employee count by 7%. To improve customer service levels in northern Chile, Antofagasta branch was reorganized into four locations: Antofagasta; Codelco North; Escondida; and Mantos Blancos. In Southern Chile, Concepcion was established as a regional branch with two other locations reporting to it. At the end of 1999, Finning Chile had 1,259 employees.

FINANCIAL REVIEW

NEW EQUIPMENT REVENUE New equipment sales were down 53% to $120 million. The decrease in new equipment sales was due to lower demand in the mining and construction industries in 1999 compared with last year which had several large mining orders and increased infrastructure and pipeline activity. In the construction sector, the delivery of 26 units to Dumez GTM was the largest package sale of the year.

USED EQUIPMENT REVENUE Used equipment sales were down 25% to $18.6 million given the slow market conditions. In addition, during 1998 Finning Chile sold a large package of used equipment to the South American leasing operation of Caterpillar.

RENTAL REVENUE Rental revenue totaled $15 million in 1999, down 29% from the previous year. The rental fleet serves mining operations, large turn-key construction projects as well as building construction requirements in the Antofagasta, Mejillones and Concepcion area. Rental fleet assets increased 9% to $12 million at year end. Included in the rental fleet are eight 240-ton mine trucks and three large wheel loaders being rented to mining companies.

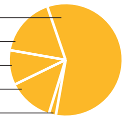
CUSTOMER SUPPORT SERVICES Parts and service revenue increased 10% to $221 million in 1999 reflecting an increase in Caterpillar general parts and exchange components. Based on the large number of machines delivered to the mining industry over the past five years, there is continuing demand for both parts and service support in Finning Chile's territory. Several initiatives are being implemented in customer services, including parts pricing based on market segmentation and improved supply chain management.

NET INCOME Net income in 1999 was $15.5 million compared with $3.4 million in the prior year. The net income margin, excluding non-recurring items of $0.9 million in 1998, was 4.1% in 1999 compared with 0.9% in the prior year. Overall gross margins improved by 6.4% as parts represented a greater percentage of total sales compared with 1998. New equipment margins declined marginally while used equipment margins were also lower. Service margins improved during the year as the management of maintenance and repair contracts improved while parts margins were down slightly. Chile reduced its selling, general and administrative expense and interest expense by $6.4 million or 7% in 1999. Chile's focus on asset management, along with lower sales volumes, contributed to this improvement.

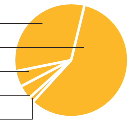
CHILE REVENUE/ NET INCOME/ EARNINGS PER SHARE

($ THOUSANDS)	1999		1998	
New equipment	$ 119,665		$ 253,560	
Used equipment	18,598		24,766	
Equipment rental	14,826		20,852	
Operating leases	587		2,085	
Customer support services	221,008		201,366	
Finance and other	3,093		876	
Revenue	$ 377,777		$ 503,505	
Net income	$ 15,464	$ 0.19	$ 3,424	$ 0.04
Non-recurring items	—	—	862	0.01
Adjusted net income	$ 15,464	$ 0.19	$ 4,286	$ 0.05

CHILEAN EQUIPMENT DELIVERIES BY MARKET (CONVERTED TO SALES DOLLARS) (%)		
	Mining	58
	Construction	17
	Kenworth	10
	Power systems	13
	Forestry	2



CHILEAN REVENUE (BY ACTIVITY) (%)		
	New equipment	32
	Customer support services	58
	Used equipment	5
	Equipment rental	4
	Finance	1



INDUSTRY REVIEW

MINING The expansion and development of new copper mining projects in Chile slowed dramatically in 1999 due to the decline in the global base metal and precious metal prices. However, production from existing copper mines in Chile actually increased. For example, state-owned mining company Codelco increased its annual production of copper by 7.5% in 1999. Large Caterpillar mining equipment packages were delivered to Escondida, Collahuasi and Chuquicamata during 1999. Competition from other equipment dealers in Chile, namely Komatsu, Terex and Letorneau, resulted in aggressive pricing in the mining sector in 1999.

CONSTRUCTION Construction of large infrastructure projects and highways was drastically affected by the economic recession in Chile. Construction activity levels almost stopped due to reduced government spending, higher interest rates during first half of the year and the large stock of houses available on the market. Deliveries of new construction units by Finning Chile decreased 63% on a year-over-year basis and total revenue decreased 58%.

POWER SYSTEMS Activity in the electrical power generation market increased in 1999 while the marine market remained slow. The sale of Olympian power generating units increased as many companies requested independent power following a failure in the Chilean electrical power grid in early 1999. Rental activity for the power system division decreased slightly but overall utilization rates were improved. Five large marine engines were delivered in 1999 and 24 Olympian gensets were sold to Edwards Bank with five-year maintenance contracts.

FORESTRY Forestry industry activity remained slow in 1999 primarily due to lower international pulp prices. New equipment sales to this industry decreased 60% from 1998 levels but represented only 2% of Finning Chile's total new equipment sales.

Some major forestry projects have been postponed due to both environmental and native concerns regarding the impact of these potential initiatives. The main projects involved are Trillium, Cascade, and Celulosa Pedro de Valdivia.

KENWORTH Kenworth truck sales decreased by more than 50% in 1999 given the rapid slowdown in the Chilean economy. There are more than 15 dealers competing in the Chilean market for Class 7 and Class 8 truck demand. As a result, competitive pricing had a negative impact on margins. Based on the management's review of the Class 7 and Class 8 truck market, Finning Chile has entered into an agreement with Paccar to exit this business in Chile during the first half of 2000.

INTERNATIONAL OPERATIONS

HIGHLIGHTS International Operations is comprised of Universal Machinery Services (UMS), a division of Finning International Inc., and the corporate head office of Finning International. This division is involved in selling both Caterpillar and non-Caterpillar used equipment and used parts around the world. During the year, UMS finalized its long-term strategic plan that included restructuring and separating its assets and operations from Finning (Canada) and Finning (UK).

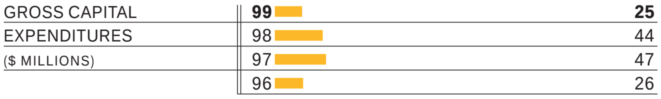
FINANCIAL REVIEW Revenue for UMS totaled $106 million in 1999, a decrease of 30% compared with $152 million in the prior year. Equipment revenue was $91 million, a decrease of 33%. In 1998, revenue included the non-recurring sale of pipeline rental assets for $22 million as well as the sale of $15 million of excess inventory as a result of the H. Leverton acquisition in the UK. Total unit deliveries declined 20% compared with 1998 primarily due to weaker market conditions in the global mining sector. Economic conditions stabilized in South America and Europe but remained weak in Asia. In the U.S., used equipment volume and pricing increased. In the U.K. and Europe, activity levels were lower than the previous year. Asian markets began to recover in 1999 following a significant downturn in 1998. Used parts revenue decreased 9% in 1999 to $10 million, again as a result of lower commodity prices.

The majority of UMS' sales in 1999 were to the U.S., with a large number of deliveries also being made to Mexico and South America. In 1999, UMS began a managed reduction program in aged inventory. Aged inventory decreased due to reductions in pricing, auctions, trading and changing machine locations to more saleable regions. Near the end of 1999, UMS began the due diligence necessary to set up a website for the auction of machinery that is owned by Finning as well as other principals, brokers and dealers.

Due to lower sales volume and a weak pricing environment in 1999, UMS reported a loss $0.8 million for the year. Combining UMS and the corporate head office expenses, this division reported a loss of $5 million in 1999 compared with a loss of $3 million in the prior year. In 1999, increased borrowing by the corporate office resulted in higher interest charges as well as allocated head office expenses associated with Finning International.

INTERNATIONAL REVENUE / NET INCOME / EARNINGS PER SHARE

($ THOUSANDS)	**1999**		1998	
New equipment	$ —		$ —	
Used equipment	91,378		137,158	
Equipment rental	4,715		2,981	
Operating leases	—		—	
Customer support services	10,104		10,955	
Finance and other	114		885	
Revenue	$ 106,221		$ 151,979	
Net loss	$ (5,017)	$ (0.06)	$ (2,775)	$ (0.03)
Non-recurring items	—	—	—	—
Adjusted net loss	$ (5,017)	$ (0.06)	$ (2,775)	$ (0.03)



LIQUIDITY AND CAPITAL RESOURCES

Finning management assesses liquidity in terms of its ability to generate sufficient cash flow to fund its operations. Net cash flow is affected by the following items:

1- operating activities, including the level of accounts receivable, inventories, accounts payable, rental equipment and financing provided to customers;
2- investing activities, including acquisitions of complementary businesses, and capital expenditure; and
3- external financing, including bank credit facilities, commercial paper and other capital market activities, providing both short and long-term financing.

Cash flow from operations, before changes in operating assets and liabilities, was $251 million in 1999 compared with $226 million in 1998, an increase of 11%. The increase from 1998 was primarily a result of improved earnings from most of the Company's operations.

Cash generated from operating activities increased significantly to $221 million from $71 million in 1998. The marked improvement in 1999 reflects the results of the Company's asset management program. During the year, equipment inventories were reduced by $174 million and parts inventories declined by $57 million.

Cash used in investing activities totaled $9 million, representing net capital expenditures of $9 million compared with $34 million in 1998. The decline in net capital expenditures reflects the Company's focus on asset reduction in 1999.

To complement the internally generated funds from operating and investing activities, the Company has approximately $900 million in unsecured bank short-term credit facilities, and $135 million in unsecured bank term facilities available. The Company also has a commercial paper program for $300 million, which can be issued against the designated short-term credit facilities amount. At the year-end, approximately $380 million, including commercial paper, was drawn against the bank facilities.

Longer-term capital resources are provided by direct access to capital markets. The Company has a split rating from the two rating agencies in Canada. In 1999, Canadian Bond Rating Service (CBRS) maintained the Company's debenture rating at A (low) and its commercial paper rating at A-1. In the first quarter of 1999, Dominion Bond Rating Service (DBRS) downgraded Finning's debentures to BBB (high) from A (low), and its commercial paper to R-2 (high) from R-1 (low).

In the fourth quarter of 1999, the Company issued $150 million of 7.75% debentures due November 1, 2004 under its $300 million Medium Term Note Program. The proceeds of the issue were used to repay bank indebtedness and diversify the Company's funding sources.

The improved cash flow from operations, reduction in working capital, and lower capital requirements resulted in a decrease in short-term debt of $303 million during the year and long-term debt remained at $522 million. The current portion of long-term debt is $70 million compared with $1 million in 1998, and it is management's intention to refinance the current portion of long-term debt either through its available bank term facilities or through the capital markets.

The Company did not have any equity issues in 1999. Share capital increased slightly to $210 million from $209 million at the end of 1998 reflecting the exercise of stock options and the conversion of preferred shares. On February 1 2000, Finning announced its intention to effect a normal course issuer bid through the facilities of the Toronto Stock Exchange. Under this program, the Company is entitled to purchase up to 6.83 million common shares during a one-year period commencing February 3, 2000 and ending February 2, 2001. The actual number of shares that may be purchased during the one-year period and the timing of any such purchases will be determined by Finning. All shares purchased under the issuer bid will be cancelled.

Finning has an employee share purchase plan for its Canadian employees. Under the terms of this plan, eligible employees may purchase common shares of the Company in the open market at market value. Finning pays a portion of the purchase price to a maximum of 2% of employee earnings. The plan may be cancelled by Finning at any time. At December 31, 1999, 62% of Canadian employees were participating in this plan compared with 59% at the end of 1998.

BALANCE SHEET LEVERAGE

The Company's balance sheet is comprised of three major components, namely its operating, finance and rental activities. Each of these major business segments has a different risk profile. Accordingly, Finning applies a different capital structure and leverage to each business segment.

The finance assets and rental assets are supported by a combination of debt and equity. Finning applies a conservative debt to equity ratio of 7:1 to its finance operation and 5:1 to its rental operation. Total debt and shareholders' equity is allocated to the operating, finance and rental activities. Deferred income taxes are allocated based on the assets and liabilities assigned to the operating, finance and rental activities.

The following table provides Finning's capital structure on a segmented basis and additional disclosure relating to the returns associated with the business segments.

OPERATIONS The Company's debt to equity ratio for its operating activities (excluding finance and rental activities) improved significantly to 0.47:1 from 0.97:1 at the end of last year. The continued improvement in the debt to equity ratio was primarily due to the Company's focused asset management program to reduce current operating assets and short-term borrowings. The Company achieved an improvement in receivables collections, inventory turnover and earnings in 1999 as a result of the program. Based on the allocated capital (noted above), the return on average equity by this business segment was 10.2% in 1999 compared with 0.1% in 1998.

RENTAL At December 31, 1999, Finning had rental assets of $354 million compared with $337 million at the end of 1998. Rental assets include assets in the rent-to-rent fleet, rental purchase contracts and customer accounts receivables.

Based on the allocated capital structure (noted above), the return on average equity by this business segment was 8.8% in 1999 compared with 17.6% in 1998. The decline in 1999 reflects lower earnings due to lower utilization levels of rent-to-rent fleet equipment primarily in Canada, and reduced profitability in the U.K.

FINANCE Finance assets, which include notes receivable, leased equipment, and customer accounts receivables, totaled $402 million at the end of 1999 compared with $351 million at December 31, 1998. Finning (Canada) was the only operating unit to have significant financing activity in 1999.

Based on the allocated capital structure (noted above), the return on average equity by this business segment was 12.1% in 1999 compared with 9.3% in 1998.

($ THOUSANDS)	OPERATIONS	RENTAL	FINANCE	CONSOLIDATED[1]
1999				
ASSETS	$ 1,269,999	$ 354,454	$ 401,781	$ 2,026,234
LIABILITIES & SHAREHOLDERS' EQUITY				
Short-term debt and Term debt	$ 275,652	$ 285,819	$ 337,088	$ 898,559
Deferred income taxes	(7,230)	11,471	13,431	17,672
Other liabilities	410,301	—	3,107	413,408
	678,723	297,290	353,626	1,329,639
Shareholders' equity	591,276	57,164	48,155	696,595
	$ 1,269,999	$ 354,454	$ 401,781	$ 2,026,234
Debt to equity ratio	0.47:1	5.0:1	7.0:1	1.29:1
Return on average equity	10.2%	8.8%	12.1%	8.7%
1998				
ASSETS	$ 1,541,934	$ 337,139	$ 350,528	$ 2,229,601
LIABILITIES & SHAREHOLDERS' EQUITY				
Short-term debt and Term debt	$ 564,696	$ 270,369	$ 297,070	$ 1,132,135
Deferred income taxes	(12,168)	12,696	11,020	11,548
Other liabilities	409,003	—	—	409,003
	961,531	283,065	308,090	1,552,686
Shareholders' equity	580,403	54,074	42,438	676,915
	$ 1,541,934	$ 337,139	$ 350,528	$ 2,229,601
Debt to equity ratio	0.97:1	5.0:1	7.0:1	1.67:1
Return on average equity	0.1%	17.6%	9.3%	0.5%

1 Transactions between segments have been eliminated to arrive at consolidated results

FINANCIAL DERIVATIVES AND RISK MANAGEMENT

The Company uses various financial instruments such as interest rate swaps and forward exchange contracts as hedges against actual assets or liabilities. Derivative financial instruments are always associated with a related risk position. The Company has a policy of arranging its financing such that the fixed rate financing offered to its customers is matched by fixed rate borrowings. As well, the portfolio is matched on currency and term. Finning enters into swap agreements, which fix the effective interest rate and currency of the borrowing. This is an effective and flexible method of matching fixed rate terms provided to customers with fixed rate debt obligations.

Finning continually evaluates and manages risks associated with financial derivatives. This includes counterparty credit exposure. Finning manages its credit exposure by ensuring there is no substantial concentration of credit risk with a single counterparty, and by dealing only with highly rated financial institutions as counterparties.

FINANCIAL RISKS AND UNCERTAINTIES

The Company's financial performance may be influenced either favourably or adversely by fluctuations in currency exchange and commodity prices.

The Company is subject to two direct sources of currency exchange risk. The first source of currency exchange risk relates to fluctuations in the purchase price of inventory. Canada and Chile source the majority of their product from the United States and, as a consequence, exchange rate movements affect the transaction price for most equipment and parts. Finning is generally able to manage this risk through adjustments in the pricing of its product sales, and through the use of financial derivatives.

The second source of exchange risk relates to the fact that the Company's U.K. and Chilean operations are recorded in its financial statements in Canadian dollars, while those operations conduct business primarily in British pounds in the U.K., and Chilean pesos and U.S. dollars in Chile. Changes in the British pound, Chilean peso and U.S. dollar to the Canadian dollar exchange rate directly affect the financial performance in Canadian dollars of the Company's U.K. and Chilean operations.

The Company's sales are also indirectly affected by fluctuations in commodity prices and exchange rates. In Canada, commodity price movements in the forestry, metals and petroleum sectors can have an impact on customers' demands for equipment and customer service. In Chile, significant fluctuations in the price of copper and gold can have similar effects. In the U.K., lower prices for thermal coal may reduce equipment demand in that sector. In addition, the strength of the British pound relative to other currencies may result in lower activity levels in the used equipment market.

YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Finning has been planning for the year 2000 since the mid-to-late eighties when it changed all its databases and converted its mainframe systems in Canada and the U.K. to allow for the year 2000. The core systems in all three dealerships have now been replaced by Caterpillar's Dealer Business System version 2.0, which is year 2000 compliant. Third party software components of our core systems, such as the payroll and general ledger packages, are all year 2000 compliant. All future software developed in-house and acquired externally will be year 2000 compliant. Finning is constantly verifying that information technology hardware purchased, such as network servers, is year 2000 compliant. The information systems department has acquired specific software that scans all applications running on PC's in use at Finning in order to verify the year 2000 compliance of the software. Finning has also entered into a PC leasing agreement that saw all older, potentially non-compliant hardware replaced well before the end of 1999.

Finning's core systems and its information systems strategy are closely linked with those of Caterpillar, which took the actions necessary to ensure its products and services continued to operate on and after January 1, 2000. Finning has undertaken a program to address the Year 2000 Issue beyond its information technology department. The program involves all key service providers.

In 1998, Finning engaged Arthur Andersen LLP to conduct a full review of the year 2000 project status. The project's scope covered Canada, the U.K. and Chile. The review began in February 1998 and was completed by mid-year. Finning has already acted on the recommendations of this review. A simulation test of the year 2000 was performed on the AS/400-based systems in 1998 and was successful.

Although the change in date has occurred without incident, there may be some aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, that have not been fully resolved.

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From Subject Received

SERVICE

From: MVUnderwood@Tarmac.co.uk

Sent: 11 February 2000 12:16

To: “Finning”

Subject: Quality Of Service

Eric:

We’re entering our third year of the 6 year contract.

The machine availability and day to day dialogue has been excellent.

Through the monthly meetings, a sound working relationship has been established.

Mark Underwood

Operations Manager

Inbox

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From Subject Received

DELIVERY

From: R. Collins@stokeyplant.freeserve.co.uk
Sent: 14 February 2000 17:58
To: ebrindley@finning.co.uk
Subject: Cat D10R-Iceland

Dear Eric,
“The Cat is out of the bag” - Cat D10R
It’s normal for our customers to demand the impossible and in return,
we expect FINNING to create the miracle.

Through Finning, we were able to source a new D10R originally destined for Iceland.
Inter-dealer discussions resulted in the delivery of the machine within 4 weeks.

R. Collins - Stokey Plant Hire Ltd., a very satisfied customer.


CATERPILLAR
777C


D9R
9.W.L.
3800-KILOS

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From Subject Received

REQUEST

Date: 07/12/9903:45:41 GMT Standard time
From: Robert Fulton@corp.newmont.com
To: Terry Travis - Finning (UK) Special Projects

Terry: That's the best response I've had in a long time, mate.

Thanks for the pictures and the info on the D-10R's.
We have the big boys coming in next week to talk on this new expansion.
If possible, send me the information on the D-10's and equipment parts if you have it.
I know this is a lot of work but it should put a feather in your hat.

Thanks for your help on this.
Cheers. Bob


HELIN
NING
ECO
2 XOV

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From Subject Received

RESPONSE

Date: 12/07 1:55 AM GMT Standard time
From: Terry Travis - Finning (UK) Special Projects
To: Robert Fulton@corp.newmont.com

Evening Robert
I'll get on to the D10 requirement at first light.

We have some D-10 units in the field and we have one of the biggest used equipment lists in the world. Be back to you ASAP. Regards, Terry

Inbox

File Edit Transfer Tools Help

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From Subject Received

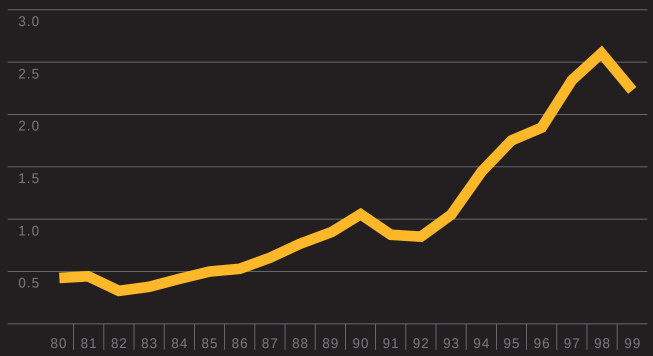
SERVICE TRAINING

From: Walter Orb, Parts & Service Technology Manager
Sent: Tues Jan 25, 2000 2:17 PM
To: Customer Service Managers; David Fehr; Drew Godley; Mauk Bruekels
Subject: Service Information System and Parts Integrator Training

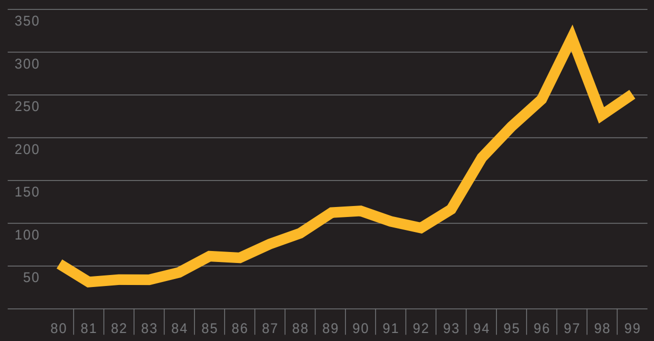
As of Jan 20th, a total of 48 “Parts Branch Champions” have been trained in the use of the Caterpillar Service Information System (SIS) and Dealer Business System (DBS) Parts Integrator. SIS automates our orders, replacing 2 million pages of parts and service information. It’s imperative that each and every Branch Champion conduct a training session to ensure proper implementation of the program. Regards, Walter.

>FINNING INTERNATIONAL: LONG TERM GROWTH

Over the past 20 years, Finning has expanded its operations through internal growth and acquisitions. Both revenue and cash flow from operations have increased five-fold during this period (representing a compound annual growth rate of approximately 9%).



TOTAL
REVENUE ($ BILLIONS)



CASH FLOW FROM
OPERATIONS ($ MILLIONS)

>MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The Consolidated Financial Statements of the Company have been prepared by management in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgements of all information available up to January 28, 2000.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Company's independent auditors, appointed by the shareholders, express an opinion as to whether management's financial statements present fairly the Company's financial position, operating results and cash flow in accordance with generally accepted accounting principles.

The Audit Committee of the Board of Directors, consisting solely of outside directors, meets regularly during the year with financial officers of the Company and the external auditors to review internal accounting controls, risk management, audit results, quarterly financial results and accounting principles and practices. In addition, the Audit Committee reports its findings to the Board of Directors which reviews and approves the Consolidated Financial Statements contained in this Annual Report.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in Note 1 of the Notes to Consolidated Financial Statements. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

R. T. Mahler
Executive Vice President and Chief Financial Officer
January 28, 2000, Vancouver, BC Canada

>AUDITORS' REPORT

To the Shareholders of Finning International Inc.:

We have audited the consolidated balance sheets of Finning International Inc. (a Canadian corporation) as at December 31, 1999 and 1998 and the consolidated statements of income and retained earnings and cash flow for the years then ended. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Statement presentation.

In our opinion, these Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and cash flow for the years then ended in accordance with generally accepted accounting principles.

Arthur Andersen LLP

Arthur Andersen LLP, Chartered Accountants
January 28, 2000, Vancouver, BC Canada

> CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31 ($ THOUSANDS)	**1999**	1998
ASSETS		
CURRENT ASSETS		
Accounts receivable	$ 386,561	$ 400,208
Inventories		
On-hand equipment	406,882	580,488
Parts and supplies	219,423	276,407
Current portion of instalment notes receivable	47,442	52,425
Total current assets	1,060,308	1,309,528
FINANCE ASSETS		
Instalment notes receivable	71,628	47,505
Equipment leased to customers *(note 2)*	272,151	240,060
Total finance assets	343,779	287,565
Rental equipment *(note 3)*	341,534	319,879
Land, buildings and equipment *(note 4)*	206,254	236,066
Goodwill *(note 5)*	74,359	76,563
TOTAL ASSETS	$ 2,026,234	$ 2,229,601
LIABILITIES		
CURRENT LIABILITIES		
Short-term debt *(note 6)*	$ 305,639	$ 608,974
Accounts payable and accruals	424,609	421,326
Income tax payable	(11,201)	(12,323)
Current portion of long-term debt *(notes 6 and 7)*	70,494	1,071
Total current liabilities	789,541	1,019,048
Long-term debt *(notes 6 and 7)*	522,426	522,090
Deferred income taxes	17,672	11,548
TOTAL LIABILITIES	1,329,639	1,552,686
SHAREHOLDERS' EQUITY		
Share capital *(note 8)*	209,955	208,579
Retained earnings	502,028	458,366
Cumulative currency translation adjustments *(note 9)*	(15,388)	9,970
Total shareholders' equity	696,595	676,915
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,026,234	$ 2,229,601

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

Approved by the Directors:

J.F. Shepard, Director

W.R. Wyman, Director

>CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31 ($ THOUSANDS EXCEPT PER SHARE AMOUNTS)	**1999**	1998
REVENUE		
New equipment	$ 856,154	$ 1,102,585
Used equipment	311,429	424,593
Equipment rental	155,659	170,063
Operating leases	96,014	91,381
Customer support services	797,472	783,445
Finance and other	13,133	13,354
Total revenue	2,229,861	2,585,421
Cost of sales	1,648,478	2,004,358
Gross profit	581,383	581,063
Selling, general and administrative expenses	432,471	498,334
Earnings before interest and taxes	148,912	82,729
Finance cost and interest on other indebtedness *(notes 6 and 7)*	65,768	75,179
Income before provision for income taxes	83,144	7,550
Provision for income taxes *(note 11)*	23,544	4,365
Net income	59,600	3,185
Dividends on preferred shares	19	67
Earnings attributable to common shares	59,581	3,118
Retained earnings, beginning of year	458,366	471,116
	517,947	474,234
Dividends on common shares	15,919	15,868
Retained earnings, end of year	$ 502,028	$ 458,366
EARNINGS PER SHARE *(note 12)*		
Basic	$ 0.75	$ 0.04
Fully diluted	$ 0.72	$ 0.04
Weighted average number of common shares outstanding	79,616,362	79,328,826

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

>CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31 ($ THOUSANDS)	**1999**	1998
OPERATING ACTIVITIES		
Net income	$ 59,600	$ 3,185
Add (deduct) items not affecting cash		
Depreciation	184,148	189,627
Amortization of goodwill	2,204	2,204
Deferred income taxes	6,037	(13,163)
Equipment/parts provisions	(429)	33,756
Restructuring charges	—	13,436
Warranty reserves	(4,023)	(3,615)
Other items	3,261	738
	250,798	226,168
CHANGES IN WORKING CAPITAL ITEMS AND OTHER		
Accounts receivable	(14,592)	86,469
Inventories		
On-hand equipment	147,785	(31,444)
Parts and supplies	36,959	194
Instalment notes receivable	(20,116)	101,348
Accounts payable and accruals	37,196	(74,567)
Income taxes	202	(54,277)
Cash provided by working capital items and other	187,434	27,723
Rental equipment, net of disposals	(117,866)	(103,994)
Equipment leased to customers, net of disposals	(99,043)	(78,609)
Cash provided by operating activities	221,323	71,288
INVESTING ACTIVITY		
Cash invested in land, buildings and equipment, net of disposals	(9,020)	(33,868)
FINANCING ACTIVITIES		
Increase in long-term debt	150,000	58,172
Repayment of long-term debt	(66,370)	(68,158)
Conversion and redemption of preferred shares	(996)	(170)
Issue of common shares on conversion of preferred shares and on exercise of stock options	2,372	3,158
Dividends paid	(15,938)	(15,935)
Currency translation adjustments	21,964	(5,443)
Cash provided by (used for) financing activities	91,032	(28,376)
Decrease in short-term debt	303,335	9,044
Short-term debt at beginning of year	608,974	618,018
Short-term debt at end of year	$ 305,639	$ 608,974
CASH PAID DURING THE YEAR FOR		
Interest	$ 56,698	$ 70,027

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

>01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The significant accounting policies used in these Consolidated Financial Statements are as follows:

PRINCIPLES OF CONSOLIDATION The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. Principal operating subsidiaries include Finning (UK) Ltd. and Finning Chile S.A.

CURRENCY TRANSLATION Transactions undertaken in foreign currencies are translated into Canadian dollars at approximate exchange rates prevailing at the time the transactions occurred.

Account balances denominated in foreign currencies are translated into Canadian dollars as follows: >**1** Monetary assets and liabilities at exchange rates in effect at the balance sheet dates; non-monetary items at historical exchange rates; >**2** Exchange gains and losses are included in income except where the exchange gain or loss arises from the translation of monetary liabilities considered to be hedges, in which case the gain or loss is deferred and accounted for in conjunction with the hedged asset.

Financial statements of self-sustaining foreign operations are translated into Canadian dollars as follows: >**1** Assets and liabilities using the exchange rates in effect at the balance sheet dates; >**2** Revenue and expense items at approximate exchange rates prevailing at the time the transactions occurred; >**3** Unrealized translation gains and losses are deferred and included as a separate component of shareholders' equity. These cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment in the self-sustaining foreign operation; >**4** The Company has hedged its investments in its foreign subsidiaries by borrowing funds in foreign currency. Exchange gains or losses are accounted for in the cumulative currency translation adjustments.

INVENTORIES Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment. For parts and supplies, approximately 61% is recorded on a first-in, first-out basis and the remainder on an average cost basis.

INSTALMENT NOTES RECEIVABLE Instalment notes receivable are recorded net of unearned finance charges.

EQUIPMENT LEASED TO CUSTOMERS Depreciation of equipment leased to customers is provided in the accounts in equal monthly amounts over the terms of the individual leases after recognizing the estimated residual value of each unit at the end of each lease.

RENTAL EQUIPMENT Rental equipment is recorded at cost, net of depreciation. Cost is determined on a specific item basis. Rental equipment inventories are depreciated to the estimated residual value of each unit based on usage.

LAND, BUILDINGS AND EQUIPMENT Land, buildings and equipment are recorded at cost, net of accumulated depreciation. Buildings and equipment are depreciated over their estimated useful lives on a declining balance basis using the following annual rates:

Buildings	5%
General equipment	20%-30%
Automotive equipment	30%

REVENUE RECOGNITION Revenue from sales of products and services is recognized at the time of shipment of products to, and performance of services for customers. Equipment lease and rental revenue is recognized over the term of the lease or rental. Finance income is recognized as earned.

PENSION COSTS The Company and its subsidiaries have defined benefit and defined contribution pension plans. For defined benefit pension plans, the cost of pension benefits is based on reports prepared by independent actuaries every two years in the U.K. and every three years in Canada, using management's best estimate assumptions and a projected benefit method prorated on services. Adjustments arising from plan amendments, changes in assumptions and experience gains or losses are amortized on a straight line basis over the expected average remaining service life of the employee groups covered by the plans. For defined contribution plans, the cost of pension benefits is a fixed percentage of member earnings for the year.

GOODWILL Goodwill acquired on the acquisition of subsidiaries is amortized to income on a straight line basis over 40 years. Goodwill is evaluated annually, and is written down when the undiscounted future earnings of the related business is less than its carrying amount.

INCOME TAXES The Company follows the deferral method of applying the tax allocation basis of accounting for income taxes.

PRIOR YEAR COMPARATIVES Certain prior year amounts have been reclassified to conform with the 1999 presentation.

> 02 EQUIPMENT LEASED TO CUSTOMERS

	1999	1998
Cost	$ 392,366	$ 347,398
Less accumulated depreciation	(120,215)	(107,338)
	$ 272,151	$ 240,060

Depreciation of equipment leased to customers for the year ended December 31, 1999 was $66,539 (1998: $59,579). See Note 3 for the change in classification of customer rental-purchase contracts.

> 03 RENTAL EQUIPMENT

	1999	1998
Rental equipment	$ 465,628	$ 457,160
Less accumulated depreciation	(124,094)	(137,281)
	$ 341,534	$ 319,879

Depreciation of rental equipment for the year ended December 31, 1999 was $91,924 (1998: $102,257). During the year, the Company changed its method of presenting customer rental-purchase contracts to reflect them as rental equipment assets. This equipment rental-purchase program totaled $64,430 at December 31, 1999 (1998: $77,630) and has been reclassified from equipment leased to customers to rental equipment. Depreciation of customer rental-purchase contracts for the year ended December 31, 1999 was $21,545 (1998: $31,598).

> 04 LAND, BUILDINGS AND EQUIPMENT

	1999	1998
Land	$ 47,647	$ 54,090
Buildings and equipment	321,573	368,266
Less accumulated depreciation	(162,966)	(186,290)
	158,607	181,976
Total land, buildings and equipment	$ 206,254	$ 236,066

Depreciation of buildings and equipment for the year ended December 31, 1999 was $25,685 (1998: $27,791).

> 05 GOODWILL

	1999	1998
Purchased goodwill	$ 88,619	$ 88,619
Accumulated amortization	(14,260)	(12,056)
	$ 74,359	$ 76,563

Amortization of goodwill for the year ended December 31, 1999 was $2,204 (1998: $2,204).

> 06 SHORT-TERM AND LONG-TERM DEBT

	1999	1998
Short-term debt		
Bank indebtedness, commercial paper and other loans (a)	$ 305,639	$ 608,974
Long-term debt		
Debentures (b)		
8.35% due March 22, 2004	75,000	75,000
7.75% due November 1, 2004	150,000	—
6.60% due December 8, 2006	75,000	75,000
Bank term facilities (c)	75,576	134,649
Bank term facilities denominated in Pound Sterling (d)	151,541	165,412
Other unsecured loans denominated in U.S. dollars and Chilean pesos, maturing between 2000 and 2004	65,803	73,100
	592,920	523,161
Less current portion of long-term debt	70,494	1,071
Total long-term debt	$ 522,426	$ 522,090

(a) Bank indebtedness, commercial paper and other loans The Company has available $900,000 in unsecured bank short-term credit facilities. Borrowings under the credit facilities are at floating rates of interest at a margin over Canadian dollar bankers' acceptance yields, and U.S. and U.K. LIBOR rates. In addition, the Company has a Canadian commercial paper program for $300,000 which can be issued against the available credit amount. Other loans include supplier merchandising programs.

(b) Debentures The Company's debentures are unsecured, and interest is payable semi-annually with principal due on maturity. On October 27, 1999, the Company issued $150,000 of 7.75% debentures due November 1, 2004 under its $300,000 Medium Term Note Program.

(c) Bank term facilities The Company has available $135,000 in unsecured bank term facilities. Borrowings under the term facilities are at floating rates of interest which averaged 5.23% in 1999 (1998: 5.48%). Total draws under the term facilities were $75,576 as at December 31, 1999 (1998: $134,649). These facilities expire August 31, 2001 and December 31, 2002.

(d) Bank term facilities denominated in Pound Sterling The Pound Sterling term facilities are unsecured and are comprised of a £25,000 floating rate loan at an average interest rate of 6.22% (1998: 7.63%), maturing June 22, 2000; a £15,000 floating rate loan at an average interest rate of 6.09% (1998: 7.305%), maturing May 25, 2003; and a £25,000 fixed rate loan at 7.675%, maturing May 8, 2002. The proceeds of these loans have been used to finance the Company's investment in the U.K.

LONG-TERM DEBT REPAYMENTS Principal repayments on long-term debt in each of the next five years are as follows:

2000	$ 70,494
2001	8,496
2002	136,483
2003	74,249
2004	228,198
Thereafter	75,000
	$ 592,920

Interest expense includes interest on debt incurred for a term greater than one year of $34,111 (1998: $38,795).

> 07 FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments as part of an overall risk management strategy to manage the underlying financial and economic risks of the Company and to achieve lower cost financing. The Company uses derivative financial instruments to manage the mix of fixed and floating interest rate exposure, to manage foreign exchange exposure, and to diversify sources of financing.

INTEREST RATE RISK MANAGEMENT The Company has a policy of arranging its financing so that the fixed rate financing offered to its customers on its lease and notes portfolio is matched by fixed rate borrowings. As well, the portfolio is matched on currency and term. To meet this objective, the Company enters into interest rate swap agreements, which fix the effective interest rate and currency of the borrowing. At December 31, 1999, interest rate swap agreements having a notional principal amount of $104,810 (1998: $73,213) at a weighted average fixed rate of 5.49% (1998: 5.60%) were outstanding. These agreements expire on various dates between 2000 and 2004. The fair value of the interest rate swap agreements as at December 31, 1999 was $485 (1998: ($557)) in favour of the Company, taking into account interest rates in effect at the time.

Additionally, the Company has an interest rate swap agreement outstanding at a notional principal amount of $150,000. The Company will receive a fixed rate of 7.75% and will pay floating bankers' acceptances based rates determined quarterly (6.41% at December 31, 1999). The fair value of the interest rate swap agreement as at December 31, 1999, was $27 in favour of counterparties. The agreement expires on November 1, 2004.

FOREIGN EXCHANGE RISK MANAGEMENT The Company manages foreign exchange risk by matching assets with related liabilities, through adjustments in the pricing of its product sales, and through the use of derivative instruments such as forward exchange contracts. As at December 31, 1999, the aggregate notional amount of forward exchange contracts was $1,672 (1998: $22,655).

FAIR VALUES The fair value of financial instruments is determined by reference to quoted market prices for actual or similar instruments, where available, or by estimates derived using present value or other valuation techniques. The fair value of accounts receivable, notes receivable, short-term debt, accounts payable and accrued liabilities approximates their recorded values due to the short-term maturities of these instruments.

	1999		1998	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
ASSET (LIABILITY)				
Long-term debt (includes current portion)	$ (592,920)	$ (590,995)	$ (523,161)	$ (533,674)
Interest rate swaps	—	458	—	(557)
Forward exchange contracts	—	(28)	—	(128)

CREDIT RISK The Company operates internationally in one industry, that being the selling, servicing and financing of heavy equipment and related products. The Company is not dependent on any single customer or group of customers. There is no concentration of credit risk related to the Company's position in trade accounts or notes receivables. Credit risk is minimized because of the diversification of the Company's operations, as well as its large customer base and its geographical dispersion.

The credit risk of the forward exchange contracts and interest rate swap agreements arises from the possibility that the counterparties to the agreements or contracts may default on their obligations; however, the Company does not anticipate such an event to occur. In order to minimize this risk, the Company enters into such agreements only with highly rated financial institutions.

> 08 SHARE CAPITAL

AUTHORIZED

Unlimited	Preferred shares without par value of which 4,400,000 are designated as Cumulative Redeemable Convertible Preferred shares
Unlimited	Common shares

		1999	1998
ISSUED AND OUTSTANDING			
—	Preferred shares, Series E (1998: 99,600)	$ —	$ 996
79,736,877	Common shares (1998: 79,427,879)	209,955	207,583
		$ 209,955	$ 208,579

COMMON SHARES A shareholders' rights plan is in place which is intended to provide all holders of common shares with the opportunity to receive full and fair value for all of their shares in the event a third party attempts to acquire a significant interest in the Company. The Company's dealership agreements with subsidiaries of Caterpillar Inc. are fundamental to its business and any change in control must be approved by Caterpillar.

The plan provides that one share purchase right has been issued for each common share and will trade with the common shares until such time as any person or group, other than a permitted bidder, bids to acquire or acquires 20% or more of the Company's common shares. The rights may also be triggered by a third party proposal for merger, amalgamation or a similar transaction. The rights plan will expire at the termination of the Annual Meeting of shareholders to be held in 2002.

The plan will not be triggered if a bid meets certain criteria (a permitted bidder). These criteria include that:

-- the offer is made for all outstanding voting shares of the Company;

-- more than 50% of the voting shares have been tendered by independent shareholders pursuant to the Takeover Bid (voting shares tendered may be withdrawn until taken up and paid for); and

-- the Takeover Bid expires not less than 60 days after the date of the bid circular.

A summary of the changes in common shares are as follows:

	1999		1998	
	SHARES	AMOUNT	SHARES	AMOUNT
Balance, beginning of year	79,427,879	$ 207,583	79,090,612	$ 204,425
Conversion of 99,600 Series E (1998: 16,950) preferred shares	156,352	996	26,611	170
Exercise of stock options	152,646	1,376	310,656	2,988
Balance, end of year	79,736,877	$ 209,955	79,427,879	$ 207,583

PREFERRED SHARES

Series E Preferred Shares These preferred shares were issued under terms of an employee and director share purchase plan and are redeemable by the Company at its option or retractable at the option of the holder at the issue price.

The cumulative preferential cash dividends on the preferred shares are payable quarterly based on the prime interest rate of a specified Canadian chartered bank. The applicable rate for the preferred shares, and price at which the preferred shares are convertible into common shares, is as follows:

	DIVIDEND RATE AS A % OF THE PRIME INTEREST RATE	CONVERSION PRICE
Series E	80% of prime	$ 6.3675

In 1999, the conversion rights of the preferred shares expired and all of the Series E preferred shares were converted to common shares.

08 SHARE CAPITAL (CONTINUED)

STOCK OPTIONS The Company has several stock option plans for employees and directors, the details of which are as follows:

	SHARES	OPTION PRICE
1999		
Options outstanding, beginning of year	4,998,340	$ 5.49 to $ 17.00
Issued	1,213,000	$ 9.04 to $ 10.95
Exercised	(152,646)	$ 5.54 to $ 11.86
Cancelled	(125,776)	$ 5.49 to $ 17.00
Options outstanding, end of year	5,932,918	$ 6.00 to $ 17.00

A total of 3,758,141 options were exercisable at December 31, 1999 with the remaining options outstanding exercisable at various times to February 11, 2009.

>09 CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS

	1999	1998
Balance, beginning of year	$ 9,970	$ 10,472
Gain realized during the year	(5,435)	(2,701)
Translation adjustments for the year	(19,923)	2,199
Balance, end of year	$ (15,388)	$ 9,970

Translation gains or losses on the consolidation of foreign subsidiaries financial statements are accumulated in this account. Translation adjustments arise as a result of fluctuations in foreign currency exchange rates. At December 31, 1999, 1998 and 1997, the Canadian dollar exchange rates against the British pound were 2.3314, 2.5448 and 2.3472, respectively, and the Chilean peso exchange rates against the Canadian dollar were 367, 308 and 299, respectively.

During 1999, a dividend of £10,000 (1998: £10,000) was paid from Finning Holdings Limited (U.K.) to the Company which generated a foreign exchange gain of $5,435 (1998: $2,701).

>10 PENSION PLANS

The Company's obligations for pension benefits, under its defined benefit plans at December 31, 1999, were estimated by the plans' actuaries to be $356,734 (1998: $329,299). Pension plan assets at December 31, 1999, on an adjusted market value basis, were $373,182 (1998: $369,118).

> 11 PROVISION FOR INCOME TAXES

	1999	1998
Current	$ 17,507	$ 17,528
Deferred	6,037	(13,163)
Provision for income taxes	$ 23,544	$ 4,365

The Company's provision for income taxes is determined as follows:

	1999	1998
Combined federal and provincial income tax rates	43.99%	43.73%
Provision for income taxes based on the combined federal and provincial rates	$ 36,575	$ 3,302
Increase (decrease) in provision for income taxes resulting from:		
Lower effective rates on the losses (earnings) of foreign subsidiaries	(9,049)	3,321
Benefit of unrecognized tax loss carryforward of foreign subsidiary	(2,320)	(514)
Amortization of goodwill and increase in assigned asset value	433	760
Large corporation tax	2,002	1,530
Income not subject to tax	(2,735)	(1,421)
Other items	(1,362)	(2,613)
Provision for income taxes	$ 23,544	$ 4,365

The Company's subsidiary, Finning Chile S.A., has a tax loss carryforward of $96,130 (1998: $103,000), denominated in local currency, available to offset future taxable income. This loss was acquired on acquisition of the company in August 1993. These losses are indexed to Chile's inflation rate, which was 2.60% in 1999, and have no expiry date.

> 12 EARNINGS PER SHARE

Earnings per share has been calculated using the weighted average number of common shares outstanding during each year.

Fully diluted earnings per share has been calculated on the assumption that all the outstanding preferred shares were converted and all outstanding stock options were exercised at the beginning of the year.

> 13 ECONOMIC RELATIONSHIPS

The Company distributes and services heavy equipment and related products. The Company has dealership agreements with numerous equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar Inc. Distribution and servicing of Caterpillar products account for the major portion of the Company's operations. Finning has a strong relationship with Caterpillar that has been ongoing since 1933.

> 14 SEGMENTED INFORMATION

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

Operating units serve the following geographic areas:

-- Canadian operations: British Columbia, Alberta, the western part of the Northwest Territories and the Yukon;
-- U.K. operations: England, Scotland, Wales, Falkland Islands and the Channel Islands;
-- Chilean operations: throughout the country; and
-- International operations: this segment represents the sale of used equipment and used parts worldwide and the expenses associated with the corporate head office.

The reportable geographic segments are:

	CANADA	U.K.	CHILE	INTERNATIONAL	SEGMENT ELIMINATIONS	CONSOLIDATED
1999						
Revenue from external sources	$ 1,032,922	$ 723,879	$ 388,551	$ 106,221	$ (21,712)	$ 2,229,861
Earnings (loss) before interest and taxes	102,480	18,976	29,294	(1,838)	—	148,912
Finance costs and interest on other indebtedness	33,341	10,299	13,830	8,298	—	65,768
Provision for (recovery of) income taxes	25,889	2,774	—	(5,119)	—	23,544
Net income (loss)	$ 43,250	$ 5,903	$ 15,464	$ (5,017)	$ —	$ 59,600
Identifiable assets	$ 1,242,837	$ 454,267	$ 245,725	$ 362,466	$ (279,061)	$ 2,026,234
Capital expenditures	$ 8,703	$ 6,106	$ 6,055	$ —	$ —	$ 20,864
Depreciation and amortization of capital assets and goodwill	$ 145,152	$ 24,504	$ 15,846	$ 850	$ —	$ 186,352
1998						
Revenue from external sources	$ 1,136,917	$ 794,356	$ 503,505	$ 151,979	$ (1,336)	$ 2,585,421
Earnings (loss) before interest and taxes	85,434	(30,429)	25,415	2,309	—	82,729
Finance costs and interest on other indebtedness	35,194	12,613	21,991	5,381	—	75,179
Provision for (recovery of) income taxes	15,493	(10,831)	—	(297)	—	4,365
Net income (loss)	$ 34,747	$ (32,211)	$ 3,424	$ (2,775)	$ —	$ 3,185
Identifiable assets	$ 1,303,092	$ 464,770	$ 354,029	$ 378,661	$ (270,951)	$ 2,229,601
Capital expenditures	$ 29,332	$ 6,778	$ 8,066	$ —	$ —	$ 44,176
Depreciation and amortization of capital assets and goodwill	$ 147,548	$ 19,471	$ 23,315	$ 1,497	$ —	$ 191,831

> 15 YEAR 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

>TWO YEAR SUMMARY BY QUARTER

FISCAL PERIOD	REVENUE ($ THOUSANDS)	NET INCOME[1] ($ THOUSANDS)	EARNINGS PER COMMON SHARE BASIC ($)	EARNINGS PER COMMON SHARE FULLY DILUTED ($)	DIVIDEND ($)	CLOSING STOCK PRICE ($)
1999						
1st quarter	548,977	6,249	0.08	0.08	0.05	11.65
2nd quarter	574,714	15,924	0.20	0.19	0.05	13.00
3rd quarter	503,616	16,233	0.20	0.20	0.05	14.30
4th quarter	602,554	21,194	0.27	0.25	0.05	13.50
	2,229,861	59,600	0.75	0.72	0.20	
1998						
1st quarter	689,156	(7,843)	(0.10)	(0.10)	0.05	15.75
2nd quarter	748,680	20,229	0.25	0.25	0.05	13.40
3rd quarter	582,267	3,659	0.05	0.05	0.05	11.80
4th quarter	565,318	(12,860)	(0.16)	(0.16)	0.05	10.95
	2,585,421	3,185	0.04	0.04	0.20	

1 In 1998, $15.5 million in non-recurring charges were taken during the year.

>SEGMENTED INFORMATION

TWELVE MONTHS ENDED DECEMBER 31 ($ THOUSANDS)	**1999**	1998	1997	1996
REVENUE				
Canadian operations	$ 1,032,922	$ 1,136,917	$ 1,146,406	$ 926,653
U.K. operations	712,941	793,020	565,376	437,949
Chilean operations	377,777	503,505	514,068	408,616
International operations	106,221	151,979	101,214	101,491
Consolidated	$ 2,229,861	$ 2,585,421	$ 2,327,064	$ 1,874,709
NET INCOME				
Canadian operations	$ 43,250	$ 34,747	$ 61,668	$ 40,776
U.K. operations	5,903	(32,211)	20,110	26,308
Chilean operations	15,464	3,424	19,535	17,746
International operations	(5,017)	(2,775)	2,382	3,354
Consolidated	$ 59,600	$ 3,185	$ 103,695	$ 88,184

> TEN YEAR FINANCIAL SUMMARY

YEARS ENDED DECEMBER 31 ($ THOUSANDS EXCEPT PER SHARE DATA)	**1999**	1998
REVENUE		
Canadian operations	$ 1,032,922	$ 1,136,917
U.K. operations	712,941	793,020
Chilean operations	377,777	503,505
International operations	106,221	151,979
Total Consolidation	$ 2,229,861	$ 2,585,421
Income before provision for income taxes	$ 83,144	$ 7,550
As a percent of revenue	3.7%	0.3%
Net income	$ 59,600	$ 3,185
As a percent of revenue	2.7%	0.1%
EARNINGS PER COMMON SHARE		
Basic	$ 0.75	$ 0.04
Fully diluted	$ 0.72	$ 0.04
DIVIDENDS		
Total common share	$ 15,919	$ 15,868
Per common share	$ 0.20	$ 0.20
Cash flow	$ 250,798	$ 226,168
Cash flow per share	$ 3.15	$ 2.85
Gross capital expenditures	$ 20,864	$ 44,176
RATIOS		
Asset turnover ratio	1.05	1.13
Debt to equity	1.29:1	1.67:1
Liabilities to equity	1.90:1	2.29:1
Operating debt to equity (excluding finance and rental activities)[1]	0.47:1	0.97:1
Book value per common share	$ 8.74	$ 8.52
Return on average shareholders' equity	8.7%	0.5%
COMMON SHARE PRICE		
High	$ 15.40	$ 18.50
Low	$ 9.00	$ 10.25
Common shares outstanding (THOUSANDS)	79,737	79,426
Revenue per employee	$ 450,113	$ 492,367
Net income per employee	$ 12,031	$ 606
NUMBER OF EMPLOYEES		
Canada	2,271	2,494
U.K.	1,364	1,348
Chile	1,259	1,354
International	60	55
Total	4,954	5,251

Financial data has been restated to incorporate common share subdivisions occurring during the ten year period and to reflect a retroactive change in accounting for revenue recognition for exchange components implemented in 1992.

1 Assumes a debt to equity ratio of 7:1 in the finance operation and 5:1 in the rental operation. The debt to equity ratio has been restated to reflect a retroactive change in presenting customer rental-purchase contracts as finance assets implemented in 1996.

	1997	1996	1995	1994	1993	1992	1991	1990
	$ 1,146,406	$ 926,653	$ 923,275	$ 838,680	$ 675,490	$ 553,316	$ 583,542	$ 727,321
	565,376	437,949	416,034	338,499	258,235	251,909	267,828	319,727
	514,068	408,616	350,650	241,221	74,464	—	—	—
	101,214	101,491	62,032	39,138	34,768	27,512	—	—
	$ 2,327,064	$ 1,874,709	$ 1,751,991	$ 1,457,538	$ 1,042,957	$ 832,737	$ 851,370	$ 1,047,048
	$ 149,351	$ 128,503	$ 119,392	$ 95,488	$ 35,895	$ 1,728	$ 3,139	$ 43,889
	6.4%	6.9%	6.8%	6.6%	3.4%	0.2%	0.4%	4.2%
	$ 103,695	$ 88,184	$ 77,493	$ 61,421	$ 22,271	$ 2,878	$ 4,612	$ 30,283
	4.5%	4.7%	4.4%	4.2%	2.1%	0.3%	0.5%	2.9%
	$ 1.32	$ 1.13	$ 1.00	$ 0.80	$ 0.30	$ 0.03	$ 0.05	$ 0.44
	$ 1.27	$ 1.09	$ 0.98	$ 0.78	$ 0.30	$ 0.03	$ 0.05	$ 0.43
	$ 15,761	$ 15,600	$ 15,451	$ 9,985	$ 6,592	$ 5,042	$ 6,844	$ 15,286
	$ 0.20	$ 0.20	$ 0.20	$ 0.13	$ 0.09	$ 0.08	$ 0.10	$ 0.23
	$ 316,731	$ 244,909	$ 209,827	$ 176,764	$ 116,371	$ 94,546	$ 102,180	$ 114,467
	$ 4.00	$ 3.12	$ 2.71	$ 2.30	$ 1.53	$ 1.40	$ 1.52	$ 1.72
	$ 47,148	$ 43,132	$ 25,812	$ 16,641	$ 13,752	$ 7,025	$ 11,643	$ 26,116
	0.99	1.04	1.09	1.06	0.95	0.86	0.92	1.07
	1.66:1	1.50:1	1.55:1	1.35:1	1.23:1	1.59:1	1.46:1	1.63:1
	2.37:1	1.97:1	2.11:1	1.99:1	1.80:1	2.03:1	1.95:1	2.09:1
	0.90:1	0.59:1	0.61:1	0.43:1	0.39:1	0.66:1	0.56:1	0.87:1
	$ 8.69	$ 7.59	$ 6.55	$ 5.83	$ 5.00	$ 4.58	$ 4.79	$ 4.79
	16.2%	16.0%	16.2%	14.8%	6.5%	0.9%	1.4%	9.8%
	$ 20.50	$ 14.58	$ 11.63	$ 12.06	$ 10.88	$ 7.25	$ 7.82	$ 8.50
	$ 14.43	$ 9.75	$ 8.63	$ 9.19	$ 5.88	$ 5.25	$ 5.88	$ 5.13
	79,091	78,547	77,442	77,026	76,266	67,370	67,056	66,640
	$ 475,570	$ 441,940	$ 428,674	$ 374,978	$ 283,875	$ 281,425	$ 260,757	$ 289,480
	$ 22,119	$ 20,788	$ 18,961	$ 15,802	$ 6,062	$ 973	$ 1,413	$ 8,372
	2,496	2,269	2,228	2,124	2,025	2,004	2,142	2,531
	1,720	925	884	873	863	930	1,123	1,086
	1,228	1,008	941	861	759	—	—	—
	50	40	34	29	27	25	—	—
	5,494	4,242	4,087	3,887	3,674	2,959	3,265	3,617

EARNINGS PER SHARE ($)		
	99	**0.72**
	98	0.04
	97	1.27
	96	0.98

Earnings per share on a fully diluted basis are calculated by dividing net income by the weighted average number of common shares outstanding during the year (assuming that all outstanding preferred shares were converted and all outstanding stock options were exercised at the beginning of the year).

CASH FLOW PER SHARE ($)		
	99	**3.15**
	98	2.85
	97	4.00
	96	3.12

Cash flow per share is calculated by dividing cash generated from operations (excluding changes in operating assets and liabilities) by the average number of shares outstanding during the year. In 1999, cash flow per share increased by 10.5% compared with the previous year.

DIVIDENDS PER SHARE ($)		
	99	**0.20**
	98	0.20
	97	0.20
	96	0.20

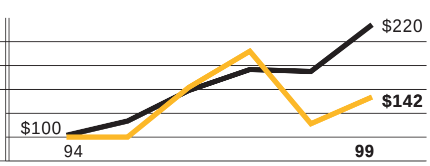
In setting the dividend payment per common share, the Board of Directors considers the Company's recent and projected earnings and capital investment requirements and its total return to shareholders. In 1999, the common dividend was maintained at $0.20 per share for a total annual payout of $16 million.

RETURN ON SHAREHOLDERS' EQUITY (%)		
	99	**8.7**
	98	0.5
	97	16.2
	96	16.0

The return on shareholders' equity is calculated by dividing net income by the average shareholders' equity during the year (including share capital, retained earnings and cumulative currency translation adjustments). The return on shareholders' equity in 1999 was 8.7% compared with 0.5% in 1998.

TOTAL SHAREHOLDER RETURNS

FINNING ■ TSE 300 INDEX



The graph above compares the yearly percentage change in the Company's cumulative total return on its common shares (annual stock price change plus dividends) with the cumulative total return of the TSE 300 index. Based on $100 invested in 1994, Finning's cumulative total return over the five-year period was $142 compared with $220 for the TSE 300 index.

> SHAREHOLDER INFORMATION

STOCK EXCHANGE

The common shares of Finning International Inc. are listed on the Toronto Stock Exchange. (Symbol: FTT)

AUDITORS

Arthur Andersen LLP
Chartered Accountants, Vancouver, BC, Canada

SOLICITORS

Ladner Downs
Barristers and Solicitors, Vancouver, BC, Canada

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
510 Burrard Street
Vancouver, BC V6C 3B9
Tel (604) 661-9400

ANNUAL MEETING

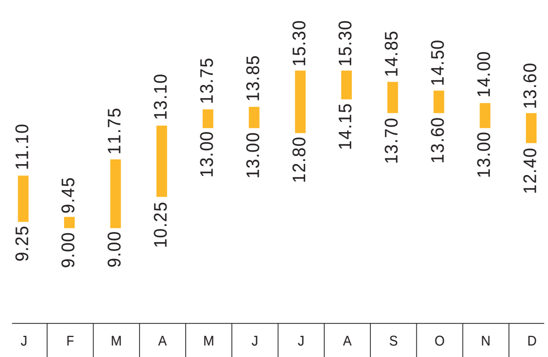
The Annual Meeting of the shareholders will be held at 11:00 am, April 26th, 2000 at The Hotel Vancouver in Vancouver, Canada.

CORPORATE INFORMATION

The Company's head office is located at 555 Great Northern Way, Vancouver, BC, Canada, V5T 1E2. The Company prepares an Annual Information Form (AIF) which is filed with the securities commissions or similar bodies in all of the provinces of Canada. Copies of the AIF and Annual and Quarterly Reports are available to shareholders and other interested parties on request or can be accessed directly from Finning's home page on the Internet at: http://www.finning.ca.

INVESTOR RELATIONS

Inquiries relating to shares or dividends should be directed to the Company's Registrar and Transfer Agent. Inquiries relating to the Company's operating activities and financial information should be addressed to:
David Climie
Director, Investor and Corporate Relations
Tel (604) 331-4885, Fax (604) 331-4899
E-mail dclimie@finning.ca



1999 MONTHLY HIGH / LOW STOCK PRICES ($)

STOCK PERFORMANCE ($)

This graph indicates the high and low closing stock prices for each month in 1999.

BOARD OF DIRECTORS

M.N. Anderson
President
Anderson & Associates
Vancouver, BC

R. Bacarreza
President
Proinvest S.A.
Santiago, Chile

J.E. Cleghorn
Chairman and
Chief Executive Officer
Royal Bank of Canada
Toronto, ON

J.F. Dinning
Executive Vice President
Sustainable Development and
External Relations
TransAlta Corp.
Calgary, AB

T.S. Howden
Company Director
Marlow, England

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Canada Overseas
Investments Limited
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N. B. Lloyd
President and
Chief Executive Officer
Finning Chile S.A.
Santiago, Chile

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President
O'Sullivan Resources Ltd.
Edmonton, AB

C.A. Pinette
President and
Chief Operating Officer
Lignum Limited
Vancouver, BC

J.F. Shepard
Chairman and
Chief Executive Officer
Finning International Inc.
Vancouver, BC

A.H. Simon
Executive Vice Chairman
Diamant Boart S.A.
London, England

D.W.G. Whitehead
President and
Chief Operating Officer
Finning International Inc.
Vancouver, BC

J.M. Willson
Vice Chairman
Placer Dome Inc.
Vancouver, BC

W.R. Wyman
Chairman
Suncor Energy Inc.
West Vancouver, BC

OFFICERS

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Executive Vice President
Customer Support Services
Finning International Inc.
Coquitlam, BC

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Managing Director
Finning (UK) Ltd.
Sutton Coldfield
West Midlands, UK

C.A. Cederberg
Vice Chairman
Finning Chile S.A.
Santiago, Chile

A.R. Guglielmin
Corporate Treasurer
Finning International Inc.
Vancouver, BC

H.M. Ho
Executive Vice President
Human Resources
Finning International Inc.
Richmond, BC

N.B. Lloyd
President and
Chief Executive Officer
Finning Chile S.A.
Santiago, Chile

R.T. Mahler
Executive Vice President
and Chief Financial Officer
Finning International Inc.
West Vancouver, BC

I.M. Reid
President and
Chief Operating Officer
Finning (Canada)
Edmonton, AB

J.F. Shepard
Chairman and
Chief Executive Officer
Finning International Inc.
Vancouver, BC

J.T. Struthers
Corporate Secretary
Finning International Inc.
Delta, BC

D.W.G. Whitehead
President and
Chief Operating Officer
Finning International Inc.
Coquitlam, BC

AUDIT COMMITTEE

J.F. Dinning
(Chairman)

R. Bacarreza

J.E. Cleghorn

M.M. Koerner

C.A. Pinette

A.H. Simon

W.R. Wyman

ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE

D.S. O'Sullivan
(Chairman)

R. Bacarreza

T.S. Howden

J.F. Shepard

J.M. Willson

GOVERNANCE COMMITTEE

C.A. Pinette
(Chairman)

M.N. Anderson

J.F. Dinning

D.S. O'Sullivan

HUMAN RESOURCES AND COMPENSATION COMMITTEE

M.N. Anderson
(Chairman)

T.S. Howden

J.F. Shepard

W.R. Wyman

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Inbox

From Subject Received

BUYBACK PROGRAM

From: tonyguglielmin@finning.com

To: dclimie@finning.com

Subject: share buyback program

Date: February 1, 2000

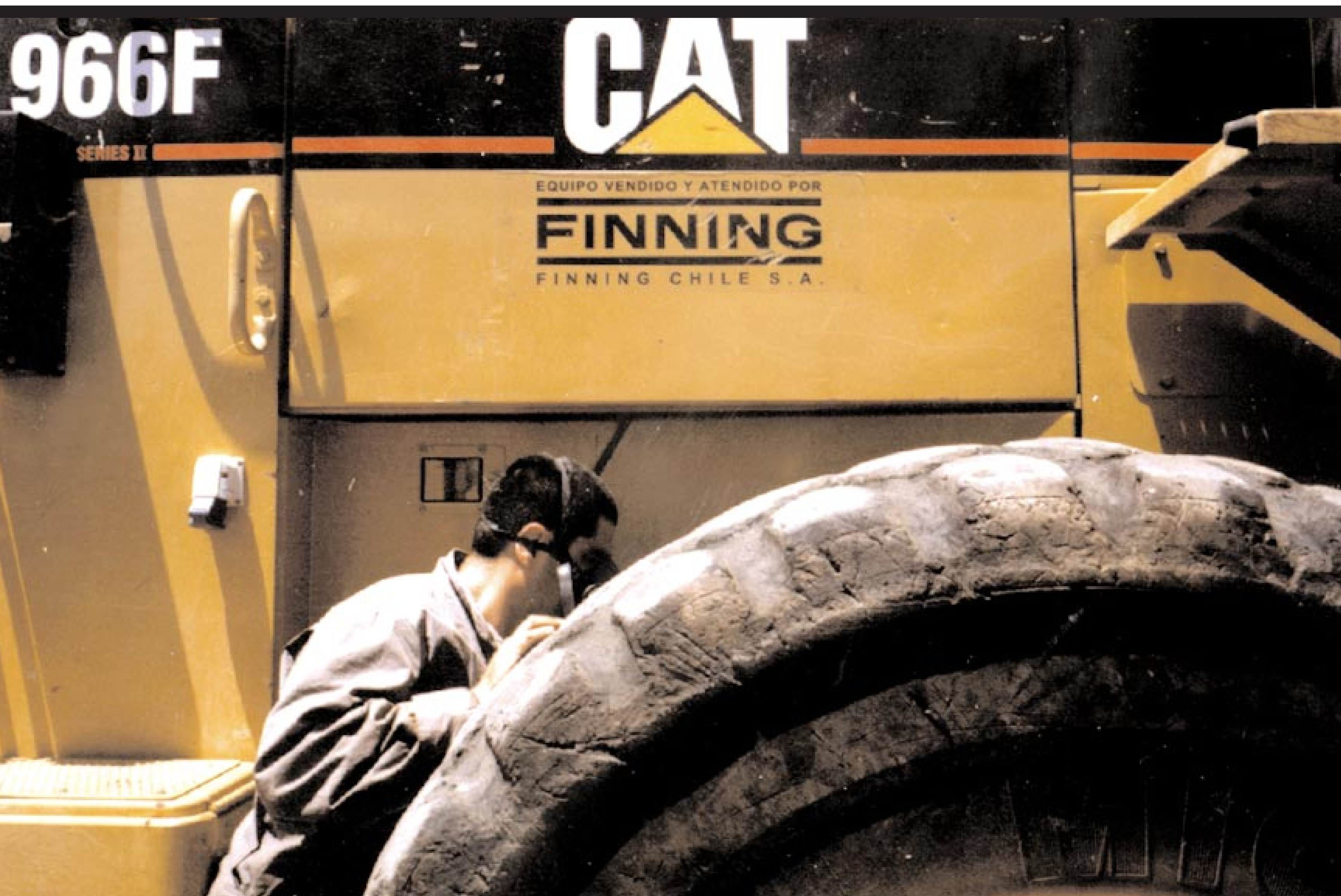
David.

Just to let you know that the Board has ok'd the normal course issuer bid.

The Toronto Stock Exchange has approved the notice of intent to purchase 6.8 million shares in the open market. Give me a call to discuss initiation.

Thanks.

Tony



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From Subject Received

EQUIPMENT SOURCING

To: guias@matco.com.mx
From: lzerebeski@finning.ca
Subject: 1995 Cat D10N Photos
X-Attachments: H:\equip\eqphotos\190118-a.jpg; H:\equip\eqphotos\190118-b.jpg;

Attention: Guillermo Astiazaran
1995 Cat D10N-s/n 3SK00950 is available; photos are attached and a brief description follows.
SU blade with tilt. Front counterweight. SS ripper with pin puller; new tip & protector.
Cat salt ES 24" undercarriage with 75% regrousered shoes, 60% links, 28% idlers, 88% sprockets, and 28% pins & bushings. Original components. Fast fuel. Location: Houston, TX
Regards, Laura

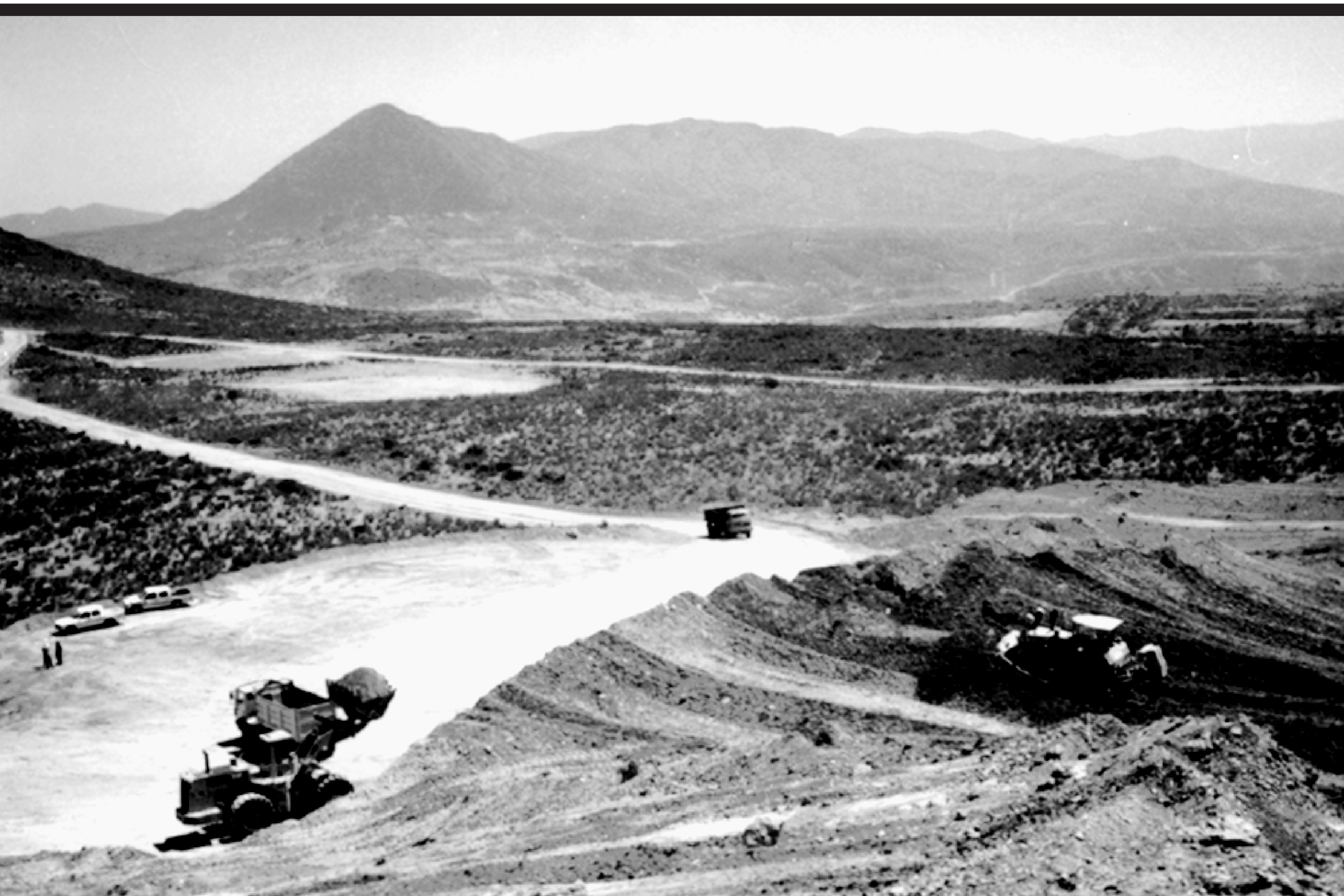

CATERPILLAR

COOPERACIÓN

To: Samuel Muñoz, Santiago Branch Manager, Finning Chile S.A.
From: Fernando Acevedo, Superintendente Mantención
Compañía Minera Disputada Las Condes
Area El Soldado
Date: Nov. 10, 1999

Finalmente, se destaca por ambos lados el grado de cooperación con que se realizó durante todo el tiempo el contrato MARC (7 años), el profesionalismo con que se concluyo y entregaron los camiones y que estas buenas relaciones cliente - proveedor debiera permanecer en el tiempo. Finning manifiesta su decidido apoyo en nuestra gestión futura.

Translation: Finally, it is noteworthy to mention the degree of co-operation that existed during the entire period of the MARC contract (7 years), and the professionalism with which the sale and delivery of the new CAT 785 trucks was concluded. This excellent client / supplier relationship should continue over time. Finning has shown its commitment to our future success.



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Inbox

From Subject Received

<www.finning.com>

From: Christy L Parr [@CAT.com]
Sent: Friday, October 15, 1999 11:05 AM
To: Finning (Canada) e-commerce team
Subject: Storefront Process & Checklist

Glad to hear that you'll be joining the e-commerce/Internet Dealer Storefront initiative. Attached is the latest version of the Storefront Process and Readiness Checklist. Look them over and if you have questions, don't hesitate to give me a call to discuss.