Q3 2010 Earnings Release *November 10, 2010*

Growth in all Finning operations fuels strong third quarter results
—Earnings per share up 140 percent—

Q3 2010 HIGHLIGHTS (from continuing operations)

- Basic EPS of $0.36 was up 140% from Q3 2009 and up 71% from Q2 2010
- EBIT of $88 million, increased by 87% over Q3 2009 and 32% over Q2 2010
- Higher revenues and a lower cost structure yielded significant operating leverage; EBIT margin improved to 7.2% compared to 4.7% in Q3 2009 and 6.2% in Q2 2010
- On-track to meet permanent cost reduction targets
- Consolidated order backlog increased for fourth consecutive quarter to $1.2 billion

Vancouver, B.C. – Finning International Inc. (TSX: FTT) reported strong third quarter 2010 results driven by robust top-line growth and improved EBIT margins. Finning achieved third quarter 2010 revenue of $1.2 billion, a 21% increase over Q3 2009. Earnings before interest and income taxes (EBIT) increased by 87% from Q3 2009 to $88 million, and basic earnings per share (EPS) grew by 140% to $0.36 compared to $0.15 in the same quarter of last year. Q3 2010 results included net non-operational charges of $0.05 per share ($0.02 per share in Q3 2009).

"Our equipment backlog climbed by 21% to $1.2 billion and product support business increased by 17% as all our operations captured strong growth opportunities in their respective markets. Continued margin recovery in Canada underpins the decision we have made to proceed with the construction of a new oil sands service facility in Fort McKay, Alberta," said Mike Waites, Finning International Inc. president and CEO. "This investment in our product support capability will further solidify our leadership position in mining and our ongoing commitment to deliver superior services to our customers."

"As markets continue to recover, our commitment to generate sustainable operating leverage from efficiency and productivity initiatives is demonstrating results. We are achieving improvements in operating margin and continued to make solid progress towards lowering SG&A expenses as a percentage of revenue during the quarter," continued Mike Waites. "The successful execution of our strategic initiatives and our enhanced focus on operational excellence is transforming Finning into a stronger organization. With the improved operating leverage and strong balance sheet, we remain well-positioned to capitalize on further growth opportunities and generate a solid return on equity for our shareholders."

"The outlook for the second half of 2010 is shaping up to be better than we had originally expected with the third quarter being an exceptionally strong quarter," said Dave Smith, EVP and chief financial officer of Finning International Inc. "Led by higher than anticipated product support and new equipment revenues, we now expect revenues from continuing operations for the full year to be about equal to 2009 despite a $900 million lower backlog going into 2010. As markets recover and our cost structure is reduced, we are producing higher operating leverage which is expected to result in moderately better EBIT performance compared to 2009."

Consistent with the Company's long-term strategic focus on key growth markets, the new facility in Fort McKay will build on Finning's strong commitment to serve its customers and will capitalize on robust demand in mining. Finning has developed a mining support infrastructure in central and northern Alberta that is unmatched in the industry. The new 16-bay facility, an investment of approximately $110 million, will further expand the Company's strong product support capabilities. Construction of the new building is expected to commence in Q2 2011, with completion by the end of 2012.

Q3 2010 FINANCIAL SUMMARY (from continuing operations)

C$ millions, except per share amounts (unaudited)	Three months ended Sep 30		
	2010	2009	% change
Revenue	**1,220**	1,012	21
Earnings before interest and income taxes (EBIT) [1]	**88**	47	87
Net Income	**61**	26	140
Diluted EPS	**0.36**	0.15	140
Earnings before interest, income taxes, depreciation and amortization (EBITDA) [1]	**134**	95	40
Free cash flow [1][2]	**22**	226	

- Revenues of $1.2 billion were up 21% from Q3 2009, reflecting higher new equipment sales and product support revenues in all operations. New equipment sales increased by 32%, driven by improved market conditions in Canada and South America. Consolidated product support revenues were up 17% from Q3 2009 driven by mining as well as growth in non-mining sectors in all regions. Used equipment sales declined by 14% in the quarter. Rental revenues were higher across all regions and were up 9% on a consolidated basis compared to Q3 2009. Foreign exchange had a negative impact on quarterly revenues of approximately $80 million as the Canadian dollar was 5.4% stronger relative to the U.S. dollar and 10.5% stronger relative to the U.K. pound sterling for Q3 2010 compared to Q3 2009.

- Gross profit increased by 24% from Q3 2009, and gross profit margin improved to 29.7% from 28.9% in Q3 2009. New equipment sales contributed 45% to the total revenue in Q3 2010 compared to 41% in Q3 2009, while product support accounted for 44% of the total revenues compared to 45% in Q3 2009. The Company realized higher margins in all lines of business, which more than offset the shift in revenue mix to relatively lower margin new equipment sales.

- Selling, general and administrative (SG&A) expenses were 10% higher than in Q3 2009, supporting a significant increase in revenues. The Company remains on track to meet the targeted permanent cost reductions by the end of 2010, and continued to realize cost savings from productivity initiatives in the quarter. As a result of higher revenues on a lower fixed cost base due to various cost initiatives, SG&A expenses as a percentage of revenue decreased to 21.6% from 23.7% in Q3 2009.

- EBIT increased by 87% to $88 million. Consolidated EBIT margin of 7.2% improved significantly from 4.7% in Q3 2009 and 6.2% in Q2 2010. This result was driven by Canada, where EBIT margin more than doubled to 7.3% from 3.0% in Q3 2009. Generating operating leverage to improve EBIT margin performance remains at the top of the Company's priorities.

- Net income increased by 140% to $61 million. Diluted EPS of $0.36 was up 140% compared to $0.15 in Q3 2009 and rose by 71% from Q2 2010 EPS of $0.21. Foreign exchange had a negative impact of $0.04 per share compared to Q3 2009. Non-operational costs of $0.05 per share in Q3 2010 included IT system implementation costs of $0.04 per share and Ireland dealership acquisition costs of $0.01 per share.

- EBITDA, which is an indicator of a company's cash operating performance and generation of operating cash flow, was $134 million, up 40% from Q3 2009.

- Quarterly free cash flow was $22 million, compared to $226 million in Q3 2009, as increased sales activity resulted in higher working capital requirements, primarily in South America and, to a lesser extent, in Canada. Year to date, free cash flow was $137 million. The Company remains committed to achieving its annual free cash flow target of approximately $200 million; however, pressures on working capital to meet stronger than expected demand for equipment are making it increasingly challenging to reach this goal.

- The net debt to total capital ratio was 36.1%, down from 36.6% at the end of June 2010 and below 39.3% at December 2009. The ratio is expected to be in the mid 30% range at the end of 2010.

- Consolidated backlog of $1.2 billion was 21% higher than at June 30, 2010, and increased for the fourth consecutive quarter. New order intake was higher in all operations in Q3 2010 driven by mining; there was also an increase in new orders from the construction sector.

HIGHLIGHTS BY OPERATIONS

Canada

- Third quarter revenues rose by 23% from Q3 2009 driven by higher new equipment sales and strong growth in product support revenues. New equipment sales were up 43%, reflecting higher deliveries and stronger demand in the quarter. Used equipment sales were 18% lower compared to Q3 2009, while rental revenues increased by 3%. Product support revenues increased by 19% from Q3 2009, due to growth in all sectors. Product support revenues were strong in mining and continued to increase in non-mining sectors.

- SG&A costs in absolute dollars were higher than in the prior year, resulting from increased revenues and higher LTIP (long-term incentive plan) costs in Q3 2010 relative to Q3 2009. SG&A as a percentage of revenue declined from Q3 2009, reflecting successful cost reduction initiatives and on-going productivity improvements. The Canadian operations incurred IT system implementation costs of $5 million in Q3 2010 ($1 million in Q3 2009). The new system is now expected to go live in Q1 2011.

- EBIT improved to $44 million in the quarter, compared to $15 million in Q3 2009 and $33 million in Q2 2010. EBIT margin of 7.3% was significantly higher than 3.0% in Q3 2009 and improved from 5.8% in Q2 2010. Finning Canada remains focused on driving higher EBIT margin by maintaining disciplined cost management and improving service labour productivity and supply chain efficiencies.

- Order activity continued to increase in Q3 2010 with strengthening market conditions. The backlog was comparable to the level of June 2010 and remains at its highest level since December 2008.

- In Q3 2010, Finning Canada and the International Association of Machinists and Aerospace Workers (IAM) – Local Lodge 99 (Alberta Union) successfully reached a new two-year collective agreement which will expire in 2012.

South America

- Third quarter revenues increased by 23% from Q3 2009. In functional currency (USD), quarterly revenues were at record levels, up 29% from Q3 2009. In functional currency, new equipment sales rose by 41% in the quarter, driven by increased demand in construction and mining. Product support revenues continued to show solid growth, increasing by 20% in functional currency.

- SG&A costs as a percentage of revenue were slightly higher compared to Q3 2009 due to a 16% increase in the workforce as the Company continued to invest in product support capabilities to meet current and anticipated customer demand. There was also an increase in IT implementation costs compared to Q3 2009.

- EBIT of $41 million was 14% higher than in Q3 2009. In functional currency, EBIT increased by 20% and achieved record levels. EBIT margin was 8.9% in the quarter, compared to 9.6% in Q3 2009.

- Driven by mining and construction, order intake remained strong in Q3 2010. The backlog increased over June 2010 level and was at its highest level since September 2008, and now includes Codelco's Ministro Hales mine order.

United Kingdom and Ireland (continuing operations)

- Quarterly revenues were up 8% from Q3 2009, due to higher product support revenues and new equipment sales. In functional currency (GBP), quarterly revenues increased by 21% from Q3 2009, driven by a 31% increase in product support revenues and a 16% rise in new equipment sales over Q3 2009.

- EBIT from our UK and Ireland operations was $2 million compared to $4 million in Q3 2009, reflecting Ireland dealership acquisition costs, higher IT implementation costs, as well as higher SG&A expenses due to increase in volume related costs. EBIT margin was 1.3% in the quarter, compared to 3.0% in Q3 2009. Adjusting for Ireland dealership acquisition costs, restructuring and IT implementation costs, EBIT would have been comparable to Q3 2009 and EBIT margin for Q3 2010 would have been 3.1% (3.4% in Q3 2009).

- Order intake increased in the quarter compared to Q2 2010, and the backlog is at the highest level since September 2008, as a result of improved market conditions in coal mining, quarrying, waste management and plant hire sectors.

- The acquisition of the Irish dealerships was completed during this quarter.

CORPORATE AND BUSINESS DEVELOPMENTS

Board of Directors Appointment

On September 22, 2010, Finning announced the appointment of Chris Patterson to its Board of Directors. Mr. Patterson has over 30 years of experience in the North American truck manufacturing industry. He served as President and Chief Executive Officer of Daimler Trucks North America LLC, and held progressively senior executive positions with Freightliner LLC (predecessor to Daimler Trucks North America). He currently serves as a director of Modine Manufacturing Company.

Dividend

The Board of Directors approved a quarterly dividend at $0.12 per common share, payable on December 10, 2010, to shareholders of record on November 26, 2010. This dividend will be considered an eligible dividend for Canadian income tax purposes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION: Q3 AND YTD 2010, UNAUDITED
(from continuing operations unless otherwise stated, C$ millions, except per share amounts)

	Three months ended Sept 30			Nine months ended Sept 30		
Revenue	**2010**	2009	% change	**2010**	2009	% change
New equipment	**549.7**	416.5	32	**1,306.7**	1,513.9	(14)
Used equipment	**55.7**	64.6	(14)	**211.3**	224.0	(6)
Equipment rental	**81.4**	74.5	9	**215.3**	238.0	(10)
Product support	**531.2**	454.4	17	**1,534.6**	1,414.7	8
Other	**2.1**	2.3	(9)	**7.1**	8.5	(16)
Total revenue	**1,220.1**	1,012.3	21	**3,275.0**	3,399.1	(4)
Gross profit	**362.7**	292.3	24	**987.3**	991.0	0
Gross profit margin(3)	***29.7%***	*28.9%*		***30.2%***	*29.1%*	
SG&A	**(263.9)**	(239.7)	(10)	**(765.2)**	(759.4)	(1)
SG&A as a percentage of revenue	***(21.6)%***	*(23.7)%*		***(23.4)%***	*(22.3)%*	
Other expenses	**(10.7)**	(5.4)	(98)	**(26.2)**	(24.4)	(7)
EBIT	**88.1**	47.2	87	**195.9**	207.2	(5)
EBIT margin(4)	***7.2%***	*4.7%*		***6.0%***	*6.1%*	
Income from continuing operations	**61.5**	25.6	140	**120.6**	135.0	(11)
Loss from discontinued operations, net of tax	**-**	(3.9)		**(249.1)**	(20.5)	
Net income (loss)	**61.5**	21.7	183	**(128.5)**	114.5	
Diluted earnings (loss) per share (EPS)						
from continuing operations	**0.36**	0.15	140	**0.70**	0.79	(11)
from discontinued operations	**-**	(0.02)		**(1.45)**	(0.12)	
Total diluted earnings (loss) per share	**0.36**	0.13	177	**(0.75)**	0.67	
EBITDA	**133.5**	95.5	40	**322.7**	358.2	(10)
Free Cash Flow*	**21.9**	225.6		**137.4**	363.5	
				Sep 30, 10	**Dec 31, 09**	
Total assets*				**3,533.5**	3,671.4	
Total shareholders' equity*				**1,393.6**	1,515.7	
Net debt to total capital(5) *				**36.1%**	39.3%	

* Free cash flow and assets from Hewden have been included in the figures for periods prior to the sale.

Q3 2010 RESULTS INVESTOR CALL
Management will hold an investor conference call on Thursday, November 11 at 1:00 pm Eastern Time. Dial-in numbers: 1-866-223-7781 (anywhere within Canada and the U.S.) or (416) 340-8018 (for participants dialing from Toronto and overseas).

The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 from 3:00 pm Eastern Time on November 11 until November 18. The pass code to access the playback recording is 5374840 followed by the number sign.

IFRS INVESTOR CALL – DECEMBER 8, 2010; 4:30 PM EASTERN TIME
Finning will hold an investor call on Wednesday, December 8 at 4:30 pm Eastern Time to discuss the Company's transition from Canadian GAAP to IFRS (International Financial Reporting Standards) and the key adjustments to Finning's financial statements resulting from conversion to IFRS.

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

Q4 AND ANNUAL 2010 RESULTS – FEBRUARY 16, 2011
Finning's fourth quarter and annual 2010 results will be released on February 16, 2011 after market close. An investor conference call will be held on February 17, 2011.

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

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Footnotes

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

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

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

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

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

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; expected revenue levels and EBIT growth; anticipated effective tax rate; anticipated generation of free cash flow (including projected net capital and rental expenditures), and its expected use; anticipated defined benefit plan contributions; and expected target range of Debt Ratio; and the expected quantitative impact on the consolidated statement of financial position of the Company's transition to IFRS at January 1, 2010. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at November 10, 2010. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; new or amended IFRS or interpretations that become effective prior to the inclusion of the Company's financial statement of position in its first annual audited IFRS financial statements. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Results of Operations

The results from continuing operations described in this Management's Discussion and Analysis (MD&A) include those of acquired businesses from the date of their purchase and exclude results from operations that have been disposed or are classified as discontinued. Results of operations from businesses that qualified as discontinued operations have been reclassified to that category for all periods presented unless otherwise noted.

In August 2010, Finning was appointed the Caterpillar Inc. (Caterpillar) dealer for Northern Ireland and the Republic of Ireland. The Company acquired certain assets, comprising inventory, a building, and other fixed assets in Northern Ireland and the Republic of Ireland.

Following an extensive strategic review, on May 5, 2010 the Company sold Hewden, its UK equipment rental business, for an after-tax loss of $244.1 million or $1.43 per share. The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately.

Please see the section entitled "Discontinued Operations – Hewden" for a discussion of these operations.

Third Quarter Overview

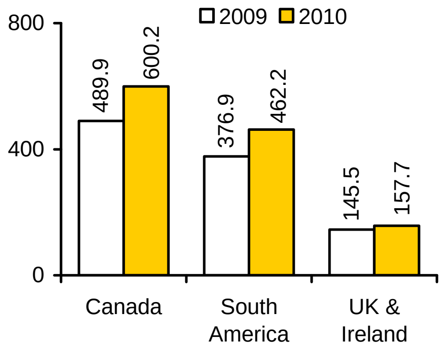
	Q3 2010	Q3 2009	**Q3 2010**	Q3 2009
	($ millions)		(% of revenue)	
Revenue	**$ 1,220.1**	$ 1,012.3		
Gross profit	**362.7**	292.3	**29.7%**	28.9%
Selling, general & administrative expenses	**(263.9)**	(239.7)	**(21.6)%**	(23.7)%
Other expenses	**(10.7)**	(5.4)	**(0.9)%**	(0.5)%
Earnings from continuing operations before interest and income taxes (EBIT) (1)	**88.1**	47.2	**7.2%**	4.7%
Finance costs	**(9.9)**	(15.8)	**(0.8)%**	(1.6)%
Provision for income taxes	**(16.7)**	(5.8)	**(1.4)%**	(0.6)%
Income from continuing operations	**$ 61.5**	$ 25.6	**5.0%**	2.5%
Loss from discontinued operations, net of tax(3)	**—**	(3.9)	**—**	(0.4)%
Net income	**$ 61.5**	$ 21.7	**5.0%**	2.1%
Basic earnings (loss) per share (EPS)				
from continuing operations	**$ 0.36**	$ 0.15		
from discontinued operations(3)	**$ —**	$ (0.02)		
Total basic earnings per share	**$ 0.36**	$ 0.13		
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA) (1)	**$ 133.5**	$ 95.5	**10.9%**	9.4%
Free Cash Flow (1) (2)	**$ 21.9**	$ 225.6		

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

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

(3) On May 5, 2010, the Company sold Hewden, its UK equipment rental business. As a consequence, the results of operations of Hewden have been reclassified as discontinued operations for all periods presented.

Revenue from Continuing Operations
($ millions)
Three months ended September 30



Third quarter consolidated revenues of $1.2 billion were up 20.5% from the comparable quarter in 2009, with higher revenues contributed by all operations, but most significantly from the Company's Canadian and South American operations.

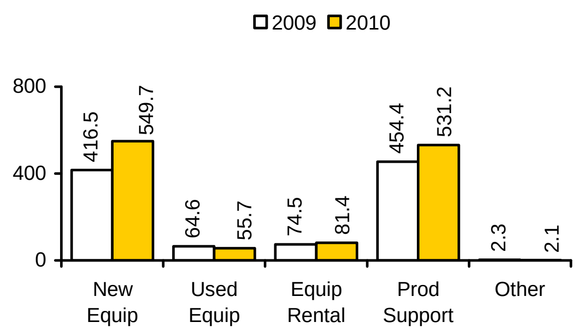
Foreign exchange had a negative impact on revenues of approximately $80 million (or 7%) due to the 5.4% stronger Canadian dollar relative to the U.S. dollar and the 10.5% stronger Canadian dollar relative to the U.K. pound sterling for the three months ended September 30, 2010 compared to the same period last year.

Revenues from the Company's Canadian operations increased 22.5% in the third quarter of 2010 compared with the same period last year, largely due to higher new equipment sales and significant growth in product support. The Canadian operations' new equipment sales were 43.2% higher than the third quarter of 2009, reflecting higher deliveries due to increased demand in the mining sector. Product support revenues continued to grow and were 19.4% higher than the comparative period in 2009.

Revenues from the Company's operations in South America increased 22.6% compared to the third quarter of 2009. Excluding the negative impact of foreign exchange, revenues for the third quarter of 2010 in functional currency (the U.S. dollar) were at record levels and increased by 29.4% over the third quarter of 2009. This was driven mainly by strong new equipment sales (up 40.7%) with increased demand in construction and mining. Product support revenues continued to show solid growth, and were 20.0% higher than the third quarter of 2009, up in all sectors but most significantly in mining.

Revenues from the U.K. and Ireland operations were up 8.4% over the third quarter of 2009, and were up 21.2% in local currency, largely due to higher product support revenues and new equipment sales.

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



Overall, new equipment sales were up 32.0% compared with the third quarter of 2009, up in all regions but primarily driven by improved market conditions in the Company's Canadian and South American operations.

Product support revenues in the third quarter of 2010 were up 16.9% overall compared with the same quarter last year, with increases reported in all regions. Growth in product support revenues was driven primarily by the mining sectors in Canada and South America.

Rental revenues increased by 9.3% (up in all regions) and used equipment sales declined by 13.8%, compared to the third quarter of 2009.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was $1.2 billion at the end of the third quarter of 2010 and was at the highest level since December 2008. This level was up 21% from the June 2010 levels of $1.0 billion and over double the September 2009 levels of $500 million. The Company's new order intake in the third quarter of 2010 was the highest since the third quarter of 2008, and up 60% from the second quarter of 2010. While the new order intake continued to be driven by the mining sector, there was also an increase in new orders from the construction sector in the third quarter.

The Company is dependent on Caterpillar for the timely supply of equipment to fulfill its deliveries. With global demand increasing, Caterpillar is challenged to meet all equipment demand in 2010. The Company understands that Caterpillar is taking steps to increase production capacity. Finning continues to work closely with Caterpillar and customers to ensure that demand for equipment can be met.

Earnings from Continuing Operations Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT of $88.1 million in the third quarter of 2010 increased 86.7% compared with the same period of 2009 primarily driven by robust revenue growth and a strongly improved EBIT margin (EBIT divided by revenues) from the Company's Canadian operations.

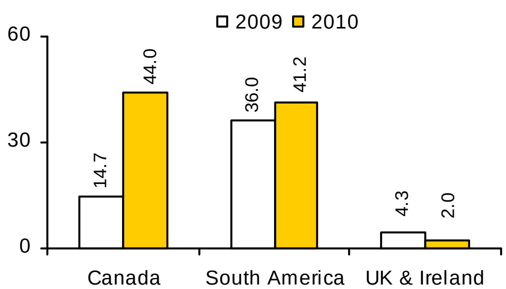
Gross profit of $362.7 million in the third quarter of 2010 was up 24.1% compared to the third quarter of 2009. Quarterly gross profit margin (gross profit as a percentage of revenue) of 29.7% was also higher than the prior year's third quarter margin (28.9%). The Company realized higher margins in all lines of business, which more than offset the shift in revenue mix to relatively lower margin new equipment sales. New equipment sales made up 45.0% of total revenues in the third quarter of 2010, compared with 41.1% of total revenues in the same period last year. Comparatively, product support revenues made up 43.5% of total revenues in the third quarter of 2010, compared with 44.9% in the third quarter of 2009.

Selling, general, and administrative (SG&A) expenses were $263.9 million or 10.1% higher than the third quarter of 2009, partly reflecting increased volume related costs to support higher revenues and the growing higher margin product support business. The Company continued to realize cost savings from productivity initiatives announced last year and remains on track to meet the previously announced permanent cost reductions targeted by the end of 2010. Primarily as a result of these cost reductions and efficiency improvements, SG&A costs in the third quarter of 2010 decreased as a percentage of revenue to 21.6% from 23.7% in the third quarter of 2009.

EBIT in the third quarter of 2010 included $8.3 million of costs (Q3 2009: $2.5 million) related to the implementation of a new information technology (IT) system for the Company's global operations, and restructuring and severance costs of $0.6 million (Q3 2009: $2.9 million). Acquisition and other related costs of $1.8 million from the acquisition of the Irish dealerships were also included in other expenses in the third quarter of 2010.

The Company's EBIT margin (EBIT divided by revenues) of 7.2% in the third quarter of 2010 improved significantly from 4.7% in the third quarter of 2009, and was up from 6.2% in the second quarter of 2010. The improvement in the EBIT margin was primarily driven by the Company's Canadian operations.

EBIT from Continuing Operations
($ millions)
Three months ended September 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2009 Q3 EBIT	47.2
Net change in operations	54.4
Foreign exchange impact	(8.2)
Acquisition and other related costs in 2010	(1.8)
Lower restructuring costs in 2010	2.3
Higher IT system implementation costs in 2010	(5.8)
2010 Q3 EBIT	**88.1**

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

EBITDA, which management views as an indicator of the Company's operating performance and ability to generate operating cash flow, was $133.5 million in the third quarter of 2010 compared to $95.5 million in the third quarter of 2009.

The Company's Free Cash Flow generated in the third quarter of 2010 was as expected, at $21.9 million compared to $225.6 million in the comparative period of the prior year. The decline in Free Cash Flow reflected an increase in customer demand with a corresponding increase in inventory and accounts receivable levels. The Company remains committed to meet its targeted annual Free Cash Flow of approximately $200 million, although this has become more challenging as the strong increase in customer demand has put pressure on working capital levels, primarily inventory. Free Cash Flow from Hewden has been included in the reported amounts for periods prior to the sale – see "Description of Non-GAAP Measures".

Finance Costs

Finance costs for the three months ended September 30, 2010 were $9.9 million compared with $15.8 million in the third quarter of 2009. Finance costs related to interest on outstanding short and long term debt declined $2.3 million in Q3 2010 versus Q3 2009 primarily due to lower debt outstanding and the favourable foreign exchange impact of translating foreign currency denominated finance costs in 2010 with a stronger Canadian dollar relative to the U.S. dollar and the U.K. pound sterling. The third quarter of 2010 also benefited from $2.9 million of interest income related to an income tax recovery.

Provision for Income Taxes

The effective income tax rate for the third quarter of 2010 was 21.4% compared to 18.5% in the comparable period of the prior year. The effective tax rate was higher in the third quarter of 2010 due to an increased proportion of earnings from higher tax jurisdictions, partly offset by tax rate changes in Chile and the U.K. The effective tax rate in the third quarter of 2009 was lower partly due to the benefit from tax adjustments resulting from the closure of previously open taxation years.

Income from Continuing Operations

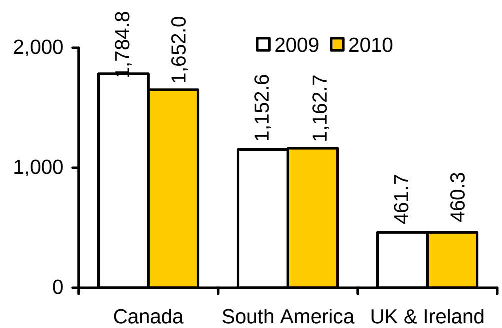
Finning's income from continuing operations was $61.5 million in the third quarter of 2010, up 140.2% compared with $25.6 million in the comparative period in 2009.

Basic EPS from continuing operations was $0.36 in the third quarter of 2010 compared with $0.15 in the same period last year, and up from $0.21 earned in the second quarter of 2010. The stronger than expected third quarter 2010 results reflected higher revenues in all operations, improved margins, and cost control. Third quarter 2010 results included non-operational costs of $0.05 per share related to the IT system implementation and Ireland dealership acquisition costs. Comparatively, the third quarter of 2009 included non-operational costs of $0.02 per share related to the IT system implementation and restructuring and severance costs.

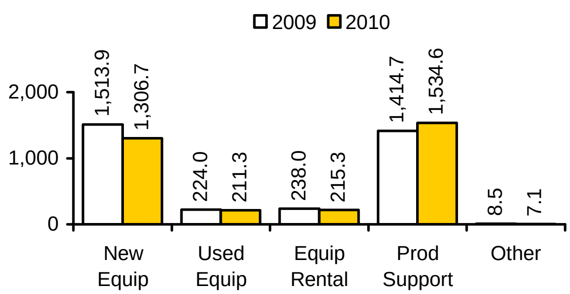
Year-to-Date Overview

	YTD 2010	YTD 2009	**YTD 2010**	YTD 2009
	($ millions)		(% of revenue)	
Revenue	**$ 3,275.0**	$ 3,399.1		
Gross profit	**987.3**	991.0	**30.2%**	29.1%
Selling, general & administrative expenses	**(765.2)**	(759.4)	**(23.4)%**	(22.3)%
Other expenses	**(26.2)**	(24.4)	**(0.8)%**	(0.7)%
Earnings from continuing operations before interest and income taxes (EBIT)	**195.9**	207.2	**6.0%**	6.1%
Finance costs	**(45.9)**	(44.9)	**(1.4)%**	(1.3)%
Provision for income taxes	**(29.4)**	(27.3)	**(0.9)%**	(0.8)%
Income from continuing operations	**$ 120.6**	$ 135.0	**3.7%**	4.0%
Loss from discontinued operations, net of tax	**(249.1)**	(20.5)	**(7.6)%**	(0.6)%
Net income (loss)	**$ (128.5)**	$ 114.5	**(3.9)%**	3.4%
Basic earnings (loss) per share (EPS)				
from continuing operations	**$ 0.71**	$ 0.79		
from discontinued operations	**$ (1.46)**	$ (0.12)		
Total basic earnings (loss) per share	**$ (0.75)**	$ 0.67		
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA)	**$ 322.7**	$ 358.2	**9.9%**	10.5%
Free Cash Flow	**$ 137.4**	$ 363.5		

Revenue from Continuing Operations
($ millions)
Nine months ended September 30



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



For the nine month period ending September 30, 2010, revenues of $3.3 billion decreased 3.7% over the same period last year, with lower new equipment revenues in the Canadian operations, which benefited from a significantly higher opening backlog level in the prior year. In functional currency, the Company's South American and UK & Ireland operations had higher revenues in the nine months of 2010 compared with the same period last year.

Foreign exchange had a negative impact on revenues of approximately $330 million (or 10%) due to the 11.5% stronger Canadian dollar relative to the U.S. dollar and the 11.6% stronger Canadian dollar relative to the U.K. pound sterling for the nine months ended September 30, 2010 compared to the same period last year.

On a consolidated basis, new equipment sales were 13.7% lower than the first nine months of 2009, with lower volumes in the Company's Canadian operations. Product support revenues were 8.5% higher than the first nine months of the prior year, up in all operations and up 19.1% when adjusted for the impact of foreign exchange. Growth in product support revenues continued to be driven primarily by the mining sectors in Canada and South America, and has improved in certain non-mining sectors.

Used equipment sales and rental revenues declined by 5.7% and 9.5%, respectively, compared to the first nine months of 2009.

Earnings from Continuing Operations Before Interest and Taxes (EBIT)

EBIT of $195.9 million decreased 5.5% compared with the first nine months of 2009 primarily due to lower revenues and the negative impact of foreign exchange.

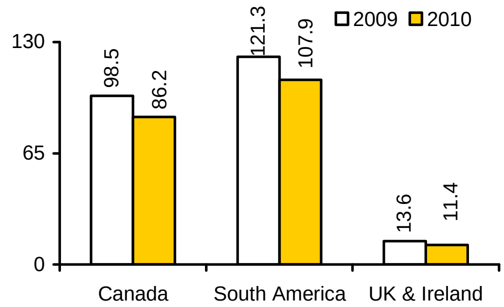
Gross profit of $987.3 million in the first nine months of the year decreased slightly over the same period last year; however, gross profit as a percentage of revenue was 30.2%, compared with 29.1% in the first nine months of 2009, primarily due to the shift in revenue mix to higher margin product support business in all operations. Product support revenues made up 46.9% of total revenues in the first nine months of 2010, compared with 41.6% of total revenues in the same period last year.

SG&A costs were slightly higher than the first nine months of 2009, partly due to an increase in the workforce in the Company's South American operations in the first nine months of 2010 to meet strong customer demand compared with the same period last year. The increase was partially offset by targeted cost reductions and productivity improvement measures.

Results for the first nine months of 2010 included costs of $20.7 million (2009: $12.7 million) related to the ongoing implementation of the new IT system for the Company's global operations and restructuring and severance costs of $3.7 million (2009: $11.7 million). The nine month results for 2010 also included $1.8 million of acquisition and other related costs related to the appointment of the Company as the Caterpillar dealer for Northern Ireland and the Republic of Ireland.

The Company's EBIT margin was 6.0% in the first nine months of 2010, comparable with the EBIT margin of 6.1% achieved in the first nine months of 2009.

EBIT from Continuing Operations
($ millions)
Nine months ended September 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:	($ millions)
2009 Year-to-Date EBIT	207.2
Net change in operations	41.0
Foreign exchange impact	(50.5)
Acquisition and other related costs in 2010	(1.8)
Lower restructuring costs in 2010	8.0
Higher IT system implementation costs in 2010	(8.0)
2010 Year-to-Date EBIT	**195.9**

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

EBITDA, which management views as an indicator of the Company's operating performance and ability to generate operating cash flow, was $322.7 million in the nine months of 2010 compared to $358.2 million in the nine months of 2009.

The Company's Free Cash Flow generated in the first nine months of 2010 was $137.4 million compared to $363.5 million in the comparative period of the prior year. Finning saw significant improvement in the generation of Free Cash Flow from the fourth quarter of 2008 through to the first nine months of 2010. Free Cash Flow from Hewden has been included in the reported amounts for periods prior to the sale – see "Description of Non-GAAP Measures".

Finance Costs

Finance costs for the nine months ended September 30, 2010 were $45.9 million compared with $44.9 million in the first nine months of 2009. Finance costs related to interest on outstanding short and long term debt declined $6.5 million in first nine months of 2010 versus the first nine months of 2009 primarily due to lower debt outstanding as well as lower interest rates.

Following the sale of Hewden that reduced the Company's U.K. pound sterling denominated assets, the Company took advantage of favourable market conditions and exchange rates and used a portion of the sale proceeds to purchase £45 million of its £115 million outstanding Eurobond Notes in June 2010. As a result, the Company recorded charges of approximately $6.4 million, reflecting the premium paid to purchase the Notes, costs associated with the recognition of deferred original financing costs, and related purchase costs. Following the purchase, £70 million of the 5.625% Notes due 2013 remain outstanding.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2010 was 19.6% compared to 16.8% in the comparable period of the prior year. The income tax expense in the first nine months of 2009 was lower by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods. This one-time tax adjustment reduced the Company's tax rate by 4.6% for the first nine months of 2009.

Income from Continuing Operations

Finning's income from continuing operations of $120.6 million was down 10.7% in the first nine months of 2010 compared with the same period in 2009.

Basic EPS from continuing operations for the nine months ended September 30, 2010 was $0.71 per share compared with $0.79 per share in the same period last year. Results for the first nine months of 2010 included non-operational costs of $0.11 per share related to the IT system implementation, Ireland dealership acquisition, and restructuring and severance, as well as incremental finance costs ($0.03 per share) incurred on the repurchase of a portion of the Company's Eurobond Notes. Comparatively, results for the first nine months of 2009 included non-operational costs of $0.10 per share related to the IT system implementation and restructuring and severance costs, partially offset by a one-time income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above. Foreign exchange had a negative impact of approximately $0.22 per share in the first nine months of 2010 compared to the prior year's first nine months due to the stronger Canadian dollar relative to the U.S. dollar and the U.K. pound sterling.

Discontinued Operations — Hewden

On May 5, 2010, the Company sold Hewden, its UK equipment rental business. The Company had previously determined that a large, short-term rental business operating separately from its UK dealership was not aligned with the Company's strategic objectives. Gross proceeds on the sale of Hewden of $171.1 million (£110.2 million) comprised cash of £90.2 million and a £20.0 million interest bearing 5-year note receivable with a fair value of £16.9 million.

The after-tax loss on sale was $244.1 million or $1.43 per share, which included the realization of $100.8 million ($0.59 per share) of foreign exchange losses related to the Company's investment in Hewden previously recorded in accumulated other comprehensive loss, and $68.0 million ($0.40 per share) related to Hewden's unfunded pension liability, which the buyer assumed. After taking this into account, the balance of $75.3 million or $0.44 per share can be attributed to the loss on the Company's net carrying value of Hewden operations, net of tax.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately.

The Company expects to maintain an ongoing commercial relationship with Hewden. A further discussion regarding the divestiture of Hewden can be found in Note 7 to the Interim Consolidated Financial Statements.

Foreign Exchange

Translation

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

Foreign exchange had a negative impact on consolidated revenues in the third quarter of 2010 of approximately $80 million due to a 5.4% stronger Canadian dollar relative to the U.S. dollar, and a 10.5% stronger Canadian dollar relative to the U.K. pound sterling, all compared to the third quarter of 2009. As a result, EBIT was negatively impacted by approximately $8 million and net income was negatively impacted by approximately $0.04 per share in the third quarter of 2010 compared to the prior year's third quarter.

For the first nine months of 2010, foreign exchange had a negative impact on consolidated revenues of approximately $330 million due to an 11.5% stronger Canadian dollar relative to the U.S. dollar, and an 11.6% stronger Canadian dollar relative to the U.K. pound sterling, all compared to the first nine months of 2009. As a result, EBIT was negatively impacted by approximately $50 million and net income was negatively impacted by approximately $0.22 per share in the first nine months of 2010 compared to the first nine months of 2009.

The Canadian dollar has historically correlated to commodity prices. If commodity prices strengthen, the Canadian dollar is likely to strengthen. In this scenario, the Company's resource industry customers may be able to increase production which can result in increased demand for equipment and services. However, the Company is negatively impacted when U.S. dollar based revenues and earnings are translated into lower Canadian dollar reported revenues and earnings due to the stronger Canadian dollar, although lags may occur.

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

The following tables provide details of revenue and EBIT from continuing operations and the foreign exchange impact for the three and nine months ended September 30, 2010.

Three months ended September 30 ($ millions)	Canada	South America	UK & Ireland	Consolidated
Revenues – Q3 2009	$ 489.9	$ 376.9	$ 145.5	$ 1,012.3
Foreign exchange impact	(34.9)	(27.1)	(18.6)	(80.6)
Operating revenue increase	145.2	112.4	30.8	288.4
Revenues – Q3 2010	$ 600.2	$ 462.2	$ 157.7	$ 1,220.1
Total revenue increase	$ 110.3	$ 85.3	$ 12.2	$ 207.8
- percentage increase	22.5%	22.6%	8.4%	20.5%
- percentage increase, excluding foreign exchange	29.6%	29.8%	21.2%	28.5%

Nine months ended September 30 ($ millions)	Canada	South America	UK & Ireland	Consolidated
Revenues – Q3 YTD 2009	$ 1,784.8	$ 1,152.6	$ 461.7	$ 3,399.1
Foreign exchange impact	(130.4)	(137.7)	(62.4)	(330.5)
Operating revenue increase (decrease)	(2.4)	147.8	61.0	206.4
Revenues – Q3 YTD 2010	$ 1,652.0	$ 1,162.7	$ 460.3	$ 3,275.0
Total revenue increase (decrease)	$ (132.8)	$ 10.1	$ (1.4)	$ (124.1)
- percentage increase (decrease)	(7.4)%	0.9%	(0.3)%	(3.7)%
- percentage increase (decrease) , excluding foreign exchange	(0.1)%	12.8%	13.2%	6.1%

Three months ended September 30 ($ millions)	Canada	South America	UK & Ireland	Other	Consolidated
EBIT – Q3 2009	$ 14.7	$ 36.0	$ 4.3	$ (7.8)	$ 47.2
Foreign exchange impact	(5.9)	(1.7)	(0.6)	—	(8.2)
Operating EBIT increase (decrease)	35.2	6.9	(1.7)	8.7	49.1
EBIT – Q3 2010	$ 44.0	$ 41.2	$ 2.0	$ 0.9	$ 88.1
Total EBIT increase (decrease)	$ 29.3	$ 5.2	$ (2.3)	$ 8.7	$ 40.9
- percentage increase (decrease)	199.3%	14.4%	(53.5)%	—	86.7%
- percentage increase (decrease), excluding foreign exchange	239.5%	19.2%	(39.5)%	—	104.0%

Nine months ended September 30 ($ millions)	Canada	South America	UK & Ireland	Other	Consolidated
EBIT – Q3 YTD 2009	$ 98.5	$ 121.3	$ 13.6	$ (26.2)	$ 207.2
Foreign exchange impact	(34.8)	(13.8)	(1.9)	—	(50.5)
Operating EBIT increase (decrease)	22.5	0.4	(0.3)	16.6	39.2
EBIT – Q3 YTD 2010	$ 86.2	$ 107.9	$ 11.4	$ (9.6)	$ 195.9
Total EBIT increase (decrease)	$ (12.3)	$ (13.4)	$ (2.2)	$ 16.6	$ (11.3)
- percentage decrease	(12.5)%	(11.0)%	(16.2)%	—	(5.5)%
- percentage increase (decrease), excluding foreign exchange	22.8%	0.3%	(2.2)%	—	18.9%

Investment in Foreign Operations

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

Currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period reporting date compared to the previous period reporting date. The unrealized currency translation loss of $54.5 million recorded in the first nine months of 2010 resulted from the stronger spot Canadian dollar against the U.K. pound sterling and the U.S. dollar of 4.3% and 1.6%, respectively, at September 30, 2010 compared to December 31, 2009. This was partially offset by $9.2 million (after tax) of unrealized foreign exchange gains on net investment hedges. In addition, the Company realized an after-tax loss of $100.8 million on foreign currency translation, net of realized gain on net investment hedges, reclassified to earnings on disposal of discontinued operations. For more details, refer to the Interim Consolidated Statements of Comprehensive Income (Loss).

Results by Business Segment

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

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

The table below provides details of revenue by operations and lines of business for continuing operations. Comparative periods have been reclassified to conform to the 2010 presentation.

Three months ended September 30, 2010 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 244.8**	**$ 225.7**	**$ 79.2**	**$ 549.7**	**45.0%**
Used equipment	**34.3**	**12.0**	**9.4**	**55.7**	**4.6%**
Equipment rental	**57.5**	**15.0**	**8.9**	**81.4**	**6.7%**
Product support	**262.0**	**209.0**	**60.2**	**531.2**	**43.5%**
Other	**1.6**	**0.5**	**—**	**2.1**	**0.2%**
Total	**$ 600.2**	**$ 462.2**	**$ 157.7**	**$ 1,220.1**	**100.0%**
Revenue percentage by operations	**49.2%**	**37.9%**	**12.9%**	**100.0%**	

Three months ended September 30, 2009 ($ millions)	Canada	South America	UK	Consolidated	Revenue percentage
New equipment	$ 170.9	$ 169.1	$ 76.5	$ 416.5	41.1%
Used equipment	42.0	12.8	9.8	64.6	6.4%
Equipment rental	55.8	10.6	8.1	74.5	7.4%
Product support	219.5	183.8	51.1	454.4	44.9%
Other	1.7	0.6	—	2.3	0.2%
Total	$ 489.9	$ 376.9	$ 145.5	$ 1,012.3	100.0%
Revenue percentage by operations	48.4%	37.2%	14.4%	100.0%	

Nine months ended September 30, 2010 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 567.6**	**$ 506.2**	**$ 232.9**	**$ 1,306.7**	**39.9%**
Used equipment	**136.4**	**31.5**	**43.4**	**211.3**	**6.4%**
Equipment rental	**153.1**	**40.3**	**21.9**	**215.3**	**6.6%**
Product support	**789.3**	**583.2**	**162.1**	**1,534.6**	**46.9%**
Other	**5.6**	**1.5**	**—**	**7.1**	**0.2%**
Total	**$ 1,652.0**	**$ 1,162.7**	**$ 460.3**	**$ 3,275.0**	**100.0%**
Revenue percentage by operations	**50.4%**	**35.5%**	**14.1%**	**100.0%**	

Nine months ended September 30, 2009 ($ millions)	Canada	South America	UK	Consolidated	Revenue percentage
New equipment	$ 749.1	$ 520.9	$ 243.9	$ 1,513.9	44.5%
Used equipment	153.6	34.7	35.7	224.0	6.6%
Equipment rental	176.2	36.7	25.1	238.0	7.0%
Product support	699.9	557.8	157.0	1,414.7	41.6%
Other	6.0	2.5	—	8.5	0.3%
Total	$ 1,784.8	$ 1,152.6	$ 461.7	$ 3,399.1	100.0%
Revenue percentage by operations	52.5%	33.9%	13.6%	100.0%	

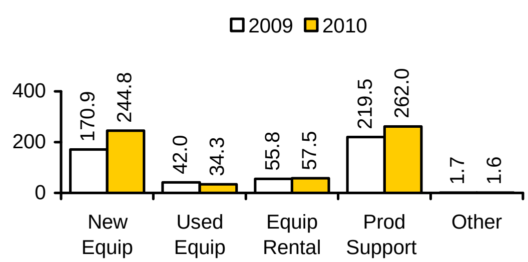
Canadian Operations

The Canadian operating segment includes Finning (Canada), the Company's interest in OEM Remanufacturing Company Inc. (OEM), and a 25% interest in PipeLine Machinery International (PLM). Finning (Canada) sells, services, and rents mainly Caterpillar mobile equipment and engines in British Columbia, Alberta, the Yukon Territory, the Northwest Territories, and a portion of Nunavut. The Company's end markets comprise principally mining (including oil sands), construction, conventional oil and gas, forestry, and power systems.

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

($ millions)	Three months ended September 30		Nine months ended September 30	
	2010	2009	**2010**	2009
Revenue from external sources	**$ 600.2**	$ 489.9	**$ 1,652.0**	$ 1,784.8
Operating costs	**(520.4)**	(438.7)	**(1,466.6)**	(1,570.7)
Depreciation and amortization	**(30.6)**	(33.1)	**(84.8)**	(103.0)
	49.2	18.1	**100.6**	111.1
Other expenses				
Information technology system implementation costs	**(4.9)**	(1.3)	**(11.2)**	(4.5)
Restructuring costs	**(0.3)**	(2.1)	**(3.2)**	(8.1)
Earnings before interest and taxes (EBIT)	**$ 44.0**	$ 14.7	**$ 86.2**	$ 98.5
EBIT				
- as a percentage of revenue	**7.3%**	3.0%	**5.2%**	5.5%
- as a percentage of consolidated EBIT	**49.9%**	31.1%	**44.0%**	47.5%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 74.6**	$ 47.8	**$ 171.0**	$ 201.5

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



Third quarter revenues increased 22.5% over 2009 to $600.2 million, largely due to significantly higher new equipment sales and continued growth in product support revenues. Higher revenues were achieved despite the negative impact of foreign exchange on revenues of approximately $35 million in the third quarter of 2010 due to a 5.4% stronger Canadian dollar relative to the U.S. dollar compared to the same period last year. Adjusting for the impact of foreign exchange, revenues were 29.6% higher in the quarter.

Product support revenues were 19.4% higher than the comparative period of 2009, and up 22.7% when adjusted for the impact of foreign exchange. Product support revenues from the mining sector were strong and continued to increase in non-mining sectors.

New equipment sales were 43.2% higher than the third quarter of 2009, reflecting higher deliveries and demand in the mining sector in the third quarter of 2010. Order activity continued to increase from the prior year. Finning (Canada)'s current backlog is comparable to the level at June 2010, but continues to be its highest level since December 2008 which reflects improving market conditions. The existing backlog reflects future deliveries largely to mining customers scheduled to be made later in 2010 and 2011, and includes the initial order for the Kearl oil sands project. Demand for construction and conventional oil & gas sectors is showing signs of increased activity, but remains soft relative to historical levels.

In Canada, gross profit as a percentage of revenue was higher than the third quarter of 2009 despite the shift in revenue mix to a higher proportion of new equipment sales which typically return lower margins than product support revenues. Product support revenues made up 43.7% of total revenues in the third quarter of 2010, compared with 44.8% in the same period last year. Gross profit margins were higher in all lines of business compared with the third quarter of 2009, demonstrating the positive impact generated from cost and profitability operating initiatives.

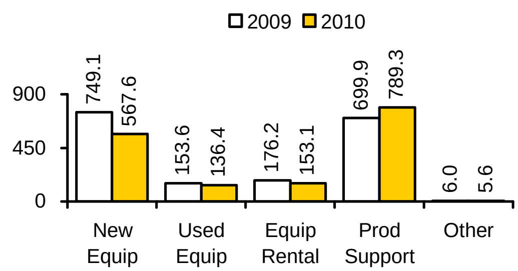
SG&A costs in the third quarter of 2010 were higher in absolute dollars compared to the same period in 2009, partly reflecting increased costs in line with higher revenues and higher long-term incentive plan (LTIP) costs due to the appreciation of the Company's share price in 2010. However, SG&A as a percentage of revenue was lower than the third quarter of 2009. Savings resulting from workforce reductions and other actions taken to reduce expenses and improve efficiencies contributed to the improvement.

Finning (Canada) incurred $4.9 million of costs in the third quarter of 2010 (Q3 2009: $1.3 million) representing its share of the costs related to the implementation of a new information technology (IT) system for the Company's global dealership operations. The new system is expected to go live in the first quarter of 2011.

Also included in other expenses in the third quarter of 2010 were restructuring costs of $0.3 million (Q3 2009: $2.1 million). The restructuring costs were incurred primarily as a result of reducing Finning (Canada)'s workforce in response to the downturn in the economy in 2009 and aligning its costs with revenue levels.

EBIT totalled $44.0 million in the third quarter of 2010 compared with $14.7 million in the same period in 2009. EBIT margin was 7.3%, up significantly from the EBIT margin of 3.0% achieved in the third quarter of 2009. The improvement reflected increased activity in the mining and non-mining sectors with strong growth in new equipment and product support sales, and the impact of cost saving initiatives. EBIT margin of 7.3% in the third quarter reflected a strong improvement from the second quarter of 2010 (5.8%) and the first quarter of 2010 (1.9%), reflecting the focus in 2010 on cost reduction and process efficiencies.

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



Revenues for the nine months ended September 30, 2010 decreased 7.4% to $1.7 billion. Adjusting for the approximately $130 million negative impact of foreign exchange, revenues were comparable with the same period last year. Product support revenues in the first nine months of 2010 were up 12.8% compared with the same period in 2009. New equipment revenues were 24.2% lower than the first nine months of 2009, which benefited from a significantly higher opening backlog level.

In Canada, gross profit as a percentage of revenue for the nine months ended September 30, 2010 was higher than the comparable period last year primarily due to the shift in revenue mix to a higher proportion of product support revenues which typically return higher margins than new equipment sales.

The Canadian operations contributed EBIT of $86.2 million for the nine months ended September 30, 2010, compared with $98.5 million for the same period in the prior year, a decrease of 12.5%. Compared to the prior year, foreign exchange negatively impacted EBIT by approximately $35 million in the first nine months of 2010.

Other Developments

In the third quarter of 2010, Finning (Canada) and the International Association of Machinists and Aerospace Workers (IAM) – Local Lodge 99 (Alberta Union) successfully reached a new two-year collective agreement which will expire in 2012.

The Company continues to wait for a decision from the Alberta Labour Relations Board relating to proceedings with the IAM – Local Lodge 99 relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. Decisions from the Alberta Labour Relations Board are expected later in 2010 or early 2011.

The Company announced today that it will proceed with the construction of a new oil sands service facility in Fort McKay, Alberta. The new 16-bay facility, an investment of approximately $110 million, will further expand the Company's strong product support capabilities. Construction of the new building is expected to commence in the second quarter of 2011, with completion by the end of 2012.

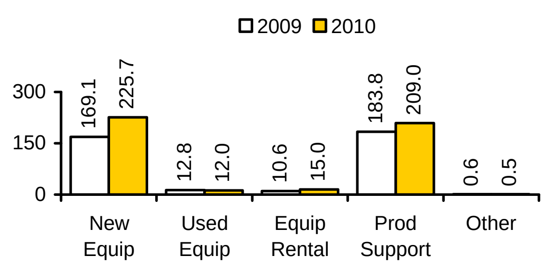
South American Operations

Finning's South American operations sell, service, and rent mainly Caterpillar mobile equipment and engines in Chile, Argentina, Uruguay, and Bolivia. The Company's end markets comprise principally mining, construction, and power systems.

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

($ millions)	Three months ended September 30 2010	Three months ended September 30 2009	Nine months ended September 30 2010	Nine months ended September 30 2009
Revenue from external sources	**$ 462.2**	$ 376.9	**$ 1,162.7**	$ 1,152.6
Operating costs	**(408.8)**	(332.0)	**(1,021.2)**	(1,001.5)
Depreciation and amortization	**(9.7)**	(8.7)	**(27.1)**	(28.5)
	43.7	36.2	**114.4**	122.6
Other expenses				
Information technology system implementation costs	**(2.5)**	(0.2)	**(6.5)**	(0.8)
Restructuring costs	**—**	—	**—**	(0.5)
Earnings before interest and taxes (EBIT)	**$ 41.2**	$ 36.0	**$ 107.9**	$ 121.3
EBIT				
- as a percentage of revenue	**8.9%**	9.6%	**9.3%**	10.5%
- as a percentage of consolidated EBIT	**46.8%**	76.3%	**55.1%**	58.5%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 50.9**	$ 44.7	**$ 135.0**	$ 149.8

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



Finning South America's revenues increased 22.6% over the third quarter of 2009, and increased 29.4% in functional currency (the U.S. dollar). Quarterly revenues in functional currency were at record levels for Finning's South American operations. Compared to the third quarter of 2009, foreign exchange had an approximately $27 million negative impact on the translation of revenues, due to the 5.4% strengthening of the Canadian dollar relative to the U.S. dollar.

Third quarter 2010 revenues, in functional currency, reflected strong new equipment sales, up 40.7% compared to the third quarter of 2009, with increased demand in construction and mining. New equipment backlog, in functional currency, was at its highest level since September 2008. The existing backlog reflects future deliveries largely to mining customers scheduled to be made later in 2010 and 2011, and includes the order for Codelco's Ministro Hales mine. Product support revenues continued to show solid growth, and were 20.0% higher in functional currency than the third quarter of 2009, up in all sectors.

In functional currency, gross profit increased in the third quarter of 2010 in absolute terms and was up slightly as a percentage of revenue. This occurred despite a shift in revenue mix to a higher proportion of new equipment sales, which typically return lower margins than product support revenues. Product support revenues made up 45.2% of total revenues in the third quarter of 2010, compared with 48.7% of total revenues in the same period last year. Gross profit margins were higher in most lines of business.

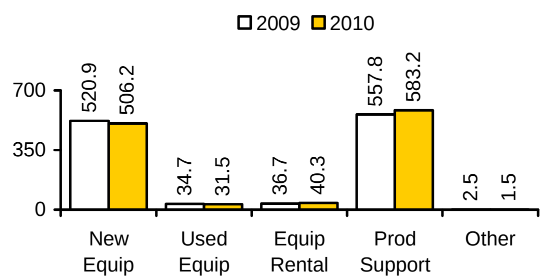
SG&A costs, in functional currency, have increased both in absolute dollars and as a percentage of revenue, partly due to an increase in the workforce and other volume related costs to support higher revenues and the growing product support business. From September 30, 2009 to September 30, 2010, the number of employees in the Company's South American operations increased by 16% to 5,700 to meet current and anticipated customer demand for product support. There is significant demand and competition for highly skilled workers which the Company is actively managing.

Included in other expenses was $2.5 million (Q3 2009: $0.2 million) of costs representing the South American operations' share of costs related to the implementation of a new IT system for the Company's global dealership operations.

EBIT from the Company's South American operations of $41.2 million in the third quarter of 2010 was 14.4% higher than in the third quarter of 2009. As with third quarter revenues, EBIT in functional currency for the three months ended September 30, 2010 was at record levels. In functional currency, EBIT increased 20.3% over the third quarter of the prior year largely due to strong growth in new equipment and product support revenues, partly offset by higher SG&A (growth related) and higher IT implementation costs. EBIT as a percentage of revenue for Finning South America was 8.9%, compared with the EBIT margin of 9.6% achieved in the third quarter of 2009.

South America – Revenue by Line of Business

Nine months ended September 30
($ millions)



For the nine months ended September 30, 2010, revenues of $1.2 billion were up slightly compared with the same period in 2009. In functional currency, revenues were up 13.9% compared with the first nine months of 2009, reflecting strong product support sales, particularly to mining customers, and higher new equipment sales, driven primarily by stronger market conditions in the construction sector.

For the Company's South American operations, gross profit as a percentage of revenue for the nine months ended September 30, 2010 was higher than the comparable period last year primarily due to the shift in revenue mix to a higher proportion of product support revenues which typically return higher margins than new equipment sales.

For the first nine months of 2010, EBIT of $107.9 million was 11.0% lower compared to the same period last year; however, in functional currency, EBIT was slightly higher than the first nine months of 2009. SG&A costs were also higher in the first nine months of 2010 compared to the same period of 2009, primarily due to an increase in the number of employees to meet anticipated product support demand and costs incurred as a result of the earthquake that struck Chile in February 2010. The earthquake had minimal impact on the Company's South American operations. EBIT as a percentage of revenue for Finning South America was 9.3% for the first nine months of 2010, compared to the EBIT margin of 10.5% achieved in the same period in 2009.

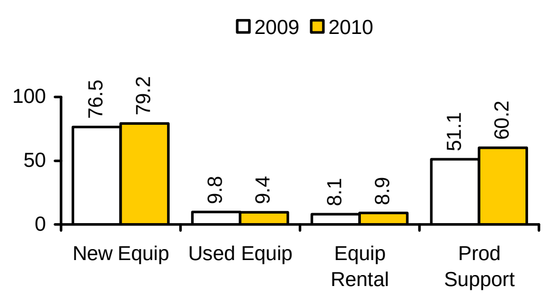
United Kingdom (UK) and Ireland Operations

The Company's UK and Ireland operations sell, service, and rent mainly Caterpillar mobile equipment and engines in England, Scotland, Wales, Northern Ireland, the Republic of Ireland, the Falkland Islands, and the Channel Islands. The Company's markets comprise principally mining, quarrying, construction, power systems, and rental services. In August 2010, Finning was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland. The results of these operations have been included in the consolidated financial statements since the acquisition date.

The table below provides details of the results of the continuing operations from the UK and Ireland:

($ millions)	Three months ended September 30		Nine months ended September 30	
	2010	2009	**2010**	2009
Revenue from external sources	**$ 157.7**	$ 145.5	**$ 460.3**	$ 461.7
Operating costs	**(147.8)**	(134.1)	**(429.4)**	(425.7)
Depreciation and amortization	**(5.0)**	(6.5)	**(14.8)**	(19.4)
	4.9	4.9	**16.1**	16.6
Other expenses				
Information technology system implementation costs	**(0.8)**	(0.1)	**(2.4)**	(0.2)
Acquisition and other related costs	**(1.8)**	—	**(1.8)**	—
Restructuring costs	**(0.3)**	(0.5)	**(0.5)**	(2.8)
Earnings before interest and taxes (EBIT)	**$ 2.0**	$ 4.3	**$ 11.4**	$ 13.6
EBIT				
- as a percentage of revenue	**1.3%**	3.0%	**2.5%**	2.9%
- as a percentage of consolidated EBIT	**2.3%**	9.1%	**5.8%**	6.6%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 7.0**	$ 10.8	**$ 26.2**	$ 33.0

UK and Ireland – Revenue by Line of Business from Continuing Operations
Three months ended September 30
($ millions)



The UK and Ireland revenues for the third quarter of 2010 of $157.7 million were up 8.4% from the same period last year, and were up 21.2% in local currency, largely due to higher product support revenues and new equipment sales.

Revenues, in local currency, from all lines of business were higher compared with the third quarter of 2009. In local currency, product support revenues were up 31.5%, and revenues from new and used equipment were 16.0% and 6.7% higher, respectively, in the third quarter of 2010 compared with the third quarter of 2009.

Compared to the third quarter of 2009, foreign exchange had an approximately $19 million negative impact on the translation of revenues, due to the 10.5% strengthening of the Canadian dollar relative to the U.K. pound sterling.

Gross profit, in local currency, in the third quarter of 2010 was higher compared with the same period last year in absolute terms. However, gross profit as a percentage of revenue was slightly lower than the third quarter of 2009, reflecting lower gross margins in product support resulting from a very competitive market environment.

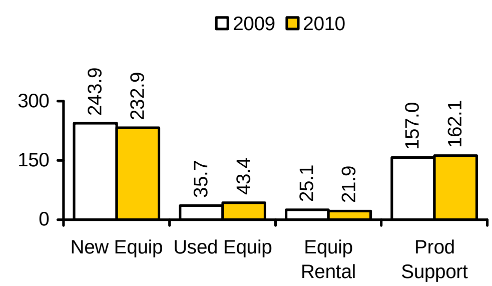
SG&A costs, in local currency, were higher in the third quarter of 2010 compared with the third quarter of 2009 in absolute terms, partly due to increased volume related costs to support higher revenues, higher pension expense, and higher LTIP costs due to the appreciation of the Company's share price in 2010. However, SG&A as a percentage of revenue was slightly lower than the third quarter of 2009, reflecting the benefit of management's initiatives to reduce operating cost levels and improve operating efficiencies.

Other expenses in the third quarter of 2010 included costs of $0.8 million representing the UK dealership's share of the costs related to the implementation of a new IT system for the Company's global dealership operations (Q3 2009: $0.1 million).

In August 2010, Finning was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland and acquired certain assets, comprising inventory, a building, and other fixed assets. The total purchase price for the assets is approximately $6 million (£3.7 million). Acquisition and other related costs of $1.8 million were incurred on the transaction, and were included in other expenses.

In the third quarter of 2010, the UK and Ireland operations generated EBIT of $2.0 million, compared with EBIT of $4.3 million in the third quarter of 2009. The lower EBIT in 2010 was primarily due to acquisition and other related costs resulting from the acquisition of the Irish dealerships as well as higher SG&A and IT implementation costs, and the negative impact of foreign exchange. The UK's EBIT margin (EBIT as a percentage of revenue) for the third quarter of 2010 was 1.3% compared with 3.0% earned in the same quarter last year.

UK and Ireland – Revenue by Line of Business from Continuing Operations
Nine months ended September 30
($ millions)



For the nine months ended September 30, 2010, revenues of $460.3 million were slightly lower than the same period in the prior year. In local currency, total revenues were 13.2% higher compared to that reported in the first nine months of 2009.

Similar to the third quarter of 2010, gross profit (in local currency) for the first nine months of 2010 was higher compared with the same period last year in absolute terms, but lower as a percentage of revenue compared with the nine months ended September 30, 2009.

In local currency, EBIT was slightly lower in the first nine months of 2010 compared to the same period last year primarily due to the same reasons as noted for the quarter.

Corporate and Other Operations

($ millions)	Three months ended September 30		Nine months ended September 30	
	2010	2009	**2010**	2009
Operating costs – corporate	**$ (5.4)**	$ (5.2)	**$ (15.1)**	$ (18.2)
Income (loss) from equity investment	**0.4**	(0.2)	**(0.7)**	(1.7)
LTIP mark-to-market	**6.1**	(1.2)	**6.9**	1.3
Depreciation and amortization	**(0.1)**	—	**(0.1)**	(0.1)
	1.0	(6.6)	**(9.0)**	(18.7)
Other expenses (income)				
Information technology system implementation costs	**(0.1)**	(0.9)	**(0.6)**	(7.2)
Other	**—**	(0.3)	**—**	(0.3)
Earnings (loss) before interest and taxes	**$ 0.9**	$ (7.8)	**$ (9.6)**	$ (26.2)

For the three months ended September 30, 2010, corporate operating costs of $5.4 million were comparable with the same period in 2009. For the nine months ended September 30, 2010, operating costs decreased to $15.1 million, compared with $18.2 million for the same period in 2009.

The income from equity investment for the three months ended September 30, 2010 relates to the Company's investment in Energyst B.V. The loss of $0.7 million for the nine months ended September 30, 2010 reflected reduced sale and rental activity in power systems as a result of the continued weak economic conditions in Europe. In conjunction with the appointment as the Caterpillar dealer for Northern Ireland and the Republic of Ireland, the Company increased its interest in Energyst by committing to purchase 11,230 shares for cash of $1.4 million (EUR 1.0 million). As a result, the Company's equity interest in Energyst increased to 27.0% from 25.4%.

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

Costs included in other expenses in the three and nine months of 2010 related to Corporate's share of costs related to the ongoing implementation of a new information technology system for the Company's global operations. In 2009, all of the costs related to the IT system implementation were recorded at the corporate level, and allocated to the operations based on relative revenues in the fourth quarter of 2009. In 2010, the IT system implementation costs are allocated to the operations on a quarterly basis.

Discontinued Operations — Hewden

Following an extensive strategic review, in May 2010, the Company sold Hewden, its UK equipment rental business.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately. Approximately 1,300 employees were transferred to the buyer with the sale of Hewden.

The table below provides details of the discontinued operations of Hewden:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2010**	2009	**2010**	2009
Revenue from external sources	**$ —**	$ 60.9	**$ 65.3**	$ 203.3
Operating costs	—	(49.8)	**(52.4)**	(173.2)
Depreciation and amortization	—	(18.5)	**(18.9)**	(57.5)
	—	(7.4)	**(6.0)**	(27.4)
Other income (expenses)				
Loss on sale of Hewden	—	—	**(238.0)**	—
Gain on sale of properties	—	4.0	**2.4**	6.6
Restructuring costs	—	(2.7)	**(2.0)**	(9.3)
Earnings (loss) before interest and taxes (EBIT)	**$ —**	$ (6.1)	**$ (243.6)**	$ (30.1)

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended September 30, 2010, cash flow generated from continuing operations after working capital changes was $75.7 million, compared with a cash flow of $234.3 million generated during the same period in 2009. The decline in the third quarter of 2010 compared with the same period last year reflected an increase in customer demand with a corresponding increase in working capital driven by higher inventory levels and accounts receivable in 2010.

For the nine months ended September 30, 2010, cash provided from continuing operations after working capital changes was $242.7 million, compared with $386.9 million provided in the first nine months of 2009. Throughout all operations, management has been focusing on improving cash cycle times and operating efficiencies while ensuring appropriate levels of working capital to support activity levels. As a result of increased customer demand, the Company's working capital investment in the first nine months of 2010 was higher by $106.3 million compared with the working capital investment from continuing operations in the first nine months of the prior year.

In the third quarter of 2010, the Company invested $38.6 million in rental assets, net of disposals (year-to-date 2010: $67.2 million). In the comparable quarter in 2009, the Company invested $4.2 million in rental assets, net of disposals (year-to-date 2009: $2.3 million). As a result of lower demand and a focus on a more selective rental strategy, rental investment moderated in 2009, and underutilized rental assets were sold.

As a result of these items, cash provided by operating activities was $36.7 million in the third quarter of 2010 (year-to-date 2010: $176.0 million), compared to cash provided by operating activities of $246.5 million in the third quarter of 2009 (year-to-date 2009: $433.9 million).

EBITDA was $133.5 million in the third quarter of 2010 (year-to-date: $322.7 million) compared to $95.5 million in the third quarter of 2009 (year-to-date: $358.2 million).

Cash Used For Investing Activities

Net cash used by investing activities in the three months ended September 30, 2010 totalled $18.2 million (year-to-date 2010: cash provided of $101.8 million) compared with net cash used in investing activities of $20.9 million in the third quarter of 2009 (year-to-date 2009: $82.7 million). The primary use of cash in the third quarter of 2010 related to capital asset additions and the purchase price for certain assets, acquisition and other related costs of $3.3 million paid in the third quarter on the acquisition of the Ireland dealerships. The primary source of cash in the first nine months of 2010 related to the sale of Hewden for net proceeds of $117.8 million, net of transaction costs and cash sold.

Gross capital additions from continuing operations for the three months ended September 30, 2010 were $18.7 million (year-to-date 2010: $47.8 million) which is lower compared with the $28.8 million invested in the three months ended September 30, 2009 (year-to-date 2009: $86.3 million).

Capital additions in 2010 and 2009 generally reflected capital spending related to growing product support demand. In addition, capital additions in the third quarter of 2010 included capitalized costs of $5.8 million (Q3 2009: $3.6 million) related to the Company’s new global IT system (year-to-date 2010: $14.0 million; year-to-date 2009: $7.1 million). All capital spending is being monitored closely by management.

In the first nine months of 2010, the Company received proceeds of $26.0 million on the settlement of a cross currency interest rate swap that was part of a hedge against foreign subsidiary investments. In the nine months ended September 30, 2009, the Company paid approximately $12.2 million on the settlement of foreign currency swaps that were also part of a hedge against foreign subsidiary investments.

Financing Activities

As at September 30, 2010 the Company’s short and long-term borrowings totalled $1.0 billion, a decrease of 15.4% from December 31, 2009. The decrease reflected the early purchase of £45 million of the outstanding £115 million Eurobond Notes with a portion of the proceeds received from the sale of Hewden. In addition, the Company repaid $105 million of short term debt from cash flow generated by operations during the first nine months of 2010.

Finning has committed bank facilities totalling approximately $875 million with various Canadian, U.S., and South American financial institutions. The largest of these facilities, an $800 million global credit facility, matures in December 2011. As at September 30, 2010 over $800 million was available under these committed facilities and no long-term debt matures until December 2011. Based upon the availability of these facilities, the Company’s business operating plans, and the discretionary nature of some of the outflows such as rental and capital expenditures, the Company believes it has sufficient liquidity to meet operational needs.

The Company’s long-term and short-term debt ratings were reconfirmed at A (low) and R-1 (low), respectively, by Dominion Bond Rating Service on April 1, 2010. The Company’s long-term debt rating was also reconfirmed at BBB+ by Standard & Poor’s in August 2010.

Dividends paid to shareholders in the third quarter of 2010 were $20.5 million, up almost 10% compared to the third quarter of 2009, reflecting the $0.01 per common share increase to a quarterly dividend of $0.12 per common share announced in May 2010. Dividends paid to shareholders for the first nine months of 2010 increased 6.5% to $59.8 million.

The Company’s Debt Ratio (net debt to total capitalization ratio) at September 30, 2010 was 36.1%, comparable to 36.6% at June 30, 2010 and 37.2% at March 31, 2010.

Adjustment to Second Quarter Cash Flow Statement

For the nine months ended September 30, 2010, the Company reclassified a generation of cash of $16 million which was incorrectly reported for the three and six months ended June 30, 2010 as a change in working capital items within cash provided by operating activities. This balance was reclassified to cash flow from financing activities on the consolidated statements of cash flow. This reclassification has correctly presented the amounts in the appropriate periods in the statement of cash flows for the nine months ended September 30, 2010.

Description of Non-GAAP Measures

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

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

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

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2010**	2009	**2010**	2009
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA)	**$ 133.5**	$ 95.5	**$ 322.7**	$ 358.2
Depreciation and amortization	**(45.4)**	(48.3)	**(126.8)**	(151.0)
Earnings from continuing operations before interest and income taxes (EBIT)	**88.1**	47.2	**195.9**	207.2
Finance costs	**(9.9)**	(15.8)	**(45.9)**	(44.9)
Provision for income taxes	**(16.7)**	(5.8)	**(29.4)**	(27.3)
Net income from continuing operations	**$ 61.5**	$ 25.6	**$ 120.6**	$ 135.0

A reconciliation of Free Cash Flow is as follows:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2010**	2009	**2010**	2009
Cash flow provided by operating activities	**$ 36.7**	$ 246.5	**$ 176.0**	$ 433.9
Additions to capital assets	**(18.7)**	(28.8)	**(47.8)**	(86.3)
Proceeds on disposal of capital assets	**3.9**	1.7	**5.3**	4.7
Net capital expenditures of discontinued operations	**—**	6.2	**3.9**	11.2
Free Cash Flow	**$ 21.9**	$ 225.6	**$ 137.4**	$ 363.5

Free Cash Flow from Hewden has been included in the figures for periods prior to the sale – see Note 7 to the Interim Consolidated Financial Statements.

Risk Management

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

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed, and reported. The Company discloses all of its key risks in its most recent AIF with key financial risks also included in the Company's Annual MD&A. On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. Also on a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are also reviewed by the Audit Committee. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2009.

Apart from the removal of the previously identified risk with respect to Hewden which was sold in the second quarter of 2010, there have been no significant changes to existing risk factors or new key risks identified from the key risks as disclosed in the Company's current AIF for the year ended December 31, 2009, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The two main types of foreign exchange risk of the Company are translation exposure and transaction exposure. These are explained further in the Foreign Exchange section earlier in this MD&A and the 2009 annual MD&A.

The sensitivity of the Company's net income to fluctuations in average annual foreign exchange rates is summarized in the table below. A 5% strengthening of the Canadian dollar against the following currencies for a full year relative to the September 30, 2010 month end rates would increase / (decrease) annual net income by the amounts shown below. This analysis assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

Currency	September 30, 2010 month end rates	Net Income $ millions
USD	**1.0298**	(23.5)
GBP	**1.6198**	(0.8)
CLP	**0.0021**	2.4

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

Controls and Procedures Certification

Disclosure Controls and Procedures

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

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

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

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

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2010, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

Selected Quarterly Information

	2010			2009				2008	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue from continuing operations [1] [2]									
Canada	**$ 600.2**	$ 561.9	$ 489.9	$ 601.8	$ 489.9	$ 582.0	$ 712.9	$ 826.0	$ 748.9
South America	**462.2**	352.7	347.8	337.0	376.9	363.0	412.7	464.3	389.7
UK & Ireland	**157.7**	160.6	142.0	142.0	145.5	152.4	163.8	187.6	218.9
Total revenue	**$1,220.1**	$1,075.2	$ 979.7	$1,080.8	$1,012.3	$1,097.4	$1,289.4	$1,477.9	$1,357.5
Net income (loss) [1] [2] [4]									
from continuing operations	**$ 61.5**	$ 36.0	$ 23.1	$ 21.7	$ 25.6	$ 56.5	$ 52.9	$ 46.8	$ 61.7
from discontinued operations	**—**	(246.1)	(3.0)	(5.4)	(3.9)	(8.7)	(7.9)	(153.6)	3.1
Total net income	**$ 61.5**	$ (210.1)	$ 20.1	$ 16.3	$ 21.7	$ 47.8	$ 45.0	$ (106.8)	$ 64.8
Basic Earnings (Loss) Per Share [1] [2] [4] [5]									
from continuing operations	**$ 0.36**	$ 0.21	$ 0.14	$ 0.13	$ 0.15	$ 0.33	$ 0.31	$ 0.27	$ 0.36
from discontinued operations	**—**	(1.44)	(0.02)	(0.03)	(0.02)	(0.05)	(0.05)	(0.90)	0.02
Total basic EPS	**$ 0.36**	$ (1.23)	$ 0.12	$ 0.10	$ 0.13	$ 0.28	$ 0.26	$ (0.63)	$ 0.38
Diluted Earnings (Loss) Per Share [1] [2] [4] [5]									
from continuing operations	**$ 0.36**	$ 0.21	$ 0.14	$ 0.13	$ 0.15	$ 0.33	$ 0.31	$ 0.27	$ 0.35
from discontinued operations	**—**	(1.44)	(0.02)	(0.03)	(0.02)	(0.05)	(0.05)	(0.89)	0.02
Total diluted EPS	**$ 0.36**	$ (1.23)	$ 0.12	$ 0.10	$ 0.13	$ 0.28	$ 0.26	$ (0.62)	$ 0.37
Total assets [1] [2]	**$3,533.5**	$3,401.5	$3,492.2	$3,671.4	$3,892.4	$4,357.3	$4,639.6	$4,720.4	$4,604.4
Long-term debt									
Current	**$ 37.9**	$ 32.4	$ 23.7	$ 24.2	$ 23.9	$ 2.6	$ 2.6	$ 2.6	$ 2.5
Non-current	**891.1**	899.9	973.7	991.7	1,013.8	1,206.4	1,437.3	1,410.7	1,313.1
Total long-term debt [3]	**$ 929.0**	$ 932.3	$ 997.4	$1,015.9	$1,037.7	$1,209.0	$1,439.9	$1,413.3	$1,315.6
Cash dividends paid per common share	**$ 0.12**	$ 0.12	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
Common shares outstanding (000's) [5]	**171,177**	171,009	170,907	170,747	170,661	170,631	170,545	170,445	171,356
Options outstanding (000's)	**6,095**	6,455	6,058	6,299	6,537	6,606	5,807	6,037	6,200

1) In August 2010, the Company was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland. The results of operations and financial position of these dealers have been included in the figures above since the date of acquisition.

2) On May 5, 2010, the Company sold Hewden, its UK equipment rental business. Results from Hewden are presented as discontinued operations and have been reclassified to that category for all periods presented. Included in the loss from discontinued operations in the second quarter of 2010 is the after-tax loss on the disposition of Hewden of $244.1 million or $1.43 per share. Revenues from Hewden have been excluded from the revenue figures above. Assets from Hewden have been included in the total assets figures for periods prior to the sale – see Note 7 to the Interim Consolidated Financial Statements.

3) In the second quarter of 2010, the Company utilized funds from the sale of Hewden to redeem £45 million of its £115 million Eurobond Notes.

4) During 2009, the Company performed its annual goodwill impairment tests and determined that goodwill was not impaired at December 31, 2009. In 2008, the Company determined that the fair value of Hewden was less than its book value, which included goodwill on acquisition. As a result, the Company recorded a full goodwill impairment of $151.4 million for Hewden in the fourth quarter of 2008. The negative impact on basic earnings per share (EPS) for the fourth quarter of 2008 was $0.89 per share (diluted EPS: $0.88 per share) which is considered part of discontinued operations. The goodwill impairment charge was non-cash in nature and did not affect the Company's liquidity, cash flows from operating activities, or debt covenants and is not expected to have any adverse impact on future operations. The Company did not expect an income tax deduction from this charge.

5) During 2008, the Company repurchased 5,901,842 common shares at an average price of $24.99 as part of a normal course issuer bid.

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

New Accounting Pronouncements

Changes in Accounting Policy in 2010

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants (CICA) issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a change in the basis of measurement of non-controlling interests, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011.

Effective January 1, 2010, the Company early adopted Sections 1582, 1601, and 1602 in accordance with the transitional provisions. The adoption of Sections 1601 and 1602 did not have a material impact on the Company's consolidated financial statements. Whether the Company will be materially affected by the new recommendations of Section 1582 will depend upon the specific facts of business combinations, if any, occurring subsequent to January 1, 2010. In August 2010, the Company was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland. These acquisitions have been accounted for in accordance with the new standard on business combinations; however, the Company was not materially affected as a result of adopting the new recommendations of Section 1582 for these transactions.

Future Accounting Pronouncements

Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public companies, will be converged with International Financial Reporting Standards (IFRS) effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS. We must also present an opening IFRS statement of financial position as at January 1, 2010, our date of transition to IFRS (Transition Date) which will form part of our interim financial report for the quarter ending March 31, 2011.

The Company's consolidated financial statements for the year ending December 31, 2011 will be our first annual financial statements that comply with IFRS. As this will be our first year of reporting under IFRS, IFRS 1 *First-time Adoption of IFRS* will be applicable.

In accordance with IFRS 1, we will apply IFRS retrospectively as of January 1, 2010, for comparative purposes as if IFRS had always been in effect, subject to certain mandatory exceptions and optional exemptions applicable to us, discussed below.

Senior management and the Audit Committee have approved the Company's IFRS accounting policies, but IFRS standards are evolving and may be different at the time of transition. The International Accounting Standards Board (IASB) has several projects underway that could affect the differences currently identified between Canadian GAAP and IFRS.

Project management

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in late 2007. The project consists of four phases: raise awareness; assessment; design; and implementation. The Company is currently in the implementation phase. While a number of differences were identified, the areas of highest potential impact to the Company are employee benefits, income taxes, share-based payment, presentation, and disclosure, as well as the initial selection of applicable transitional exemptions under the provisions of IFRS 1 First Time Adoption. The Company has not identified any further areas subject to significant change during subsequent phases of the transition project.

The Company's IFRS transition project is on schedule. The following table indicates key milestones in the project. It is based on management's current expectations and is hence subject to change as a result of new IASB IFRS projects and standards, and management's experiences as its project progresses:

Activity	**Milestone**	**Status**
Technical analysis		
Initial scoping and risk assessment	High level review, using external expert advisor, to determine most significant GAAP differences applicable to the Company.	Completed 2008.
Technical review of each standard	Analysis of IFRS standards, identifying specific changes to the Company's accounting processes and policies.	Completed 2009.
Transitional election choice and approval	Identification, analysis, and selection of appropriate IFRS 1 transitional provisions to be used by the Company. Presentation of transitional choices to Audit Committee.	Transitional choices presented to Audit Committee in December 2009 and approved February 2010.
Go-forward accounting policy choices	Identification, analysis, and selection of accounting policy choices available under IFRS.	Initial accounting policy selections approved by Audit Committee in February, May, and August 2010, additional policy choices will be refined as required during comparative financial statement preparation phase during 2010.
Financial statement preparation		
Preparation of Opening Statement of Financial Position	Preparation of opening statement of financial position and associated reconciliation from Canadian GAAP to IFRS.	A condensed statement of financial position is provided on the following page with a description of key impacts.
Quarterly comparatives preparation	Preparation of quarterly comparative financials, including reconciliation from Canadian GAAP to IFRS balances.	The comparatives preparation process for Q1-Q3 is underway and is expected to be completed prior to the end of 2010.
Financial statement template	Completion of IFRS-compliant financial statement template and associated note disclosures.	Completed in Q1 2010. Template will be refreshed as additional disclosure requirements are released through 2010.
Training		
Design and implementation of IFRS training plan	Design training plan. Provide overview training.	IFRS 'overview' training provided to finance personnel in all geographic regions in 2009. Comprehensive training session provided to Board of Directors in December 2009. Additional training on the impact of transition to IFRS was provided to senior management in all regions in November 2010. Detailed topic-specific training sessions have been provided to all finance personnel and are ongoing through 2010.
Communication		
Design and implementation of communication plan	Design communication plan for internal and external stakeholders. Implement awareness-building and communication activities.	Communication provided through internal newsletters, forums, and intranet-based media. Investor relations team have been involved in development of the external communication plan. An investor call will be held December 8, 2010 to discuss the Company's transition to IFRS and the key adjustments to Finning's financial statements arising from conversion to IFRS.
Systems		
Dual reporting and additional data gathering	Ensure readiness of system to manage dual reporting requirements during 2010. Ensure existing data gathering process can provide data for additional IFRS disclosures.	Dual reporting capability of existing reporting system identified and testing has been initiated. Data gathering testing for full year disclosures ongoing.
Controls		
Internal control over financial reporting and disclosure controls and procedures	Perform review of controls to ensure adequacy of existing controls, or implementation of new controls where required.	Relevant controls are being assessed as each work stream progresses. Regional compliance managers have been briefed on IFRS impacts to enable timely assessment of controls throughout 2010.

Transitional elections (under IFRS 1)

The following summary provides details of the opening statement of financial position transitional provisions to be adopted effective January 1, 2010.

- Employee benefits: Any unamortized defined benefit pension plan actuarial gains and losses accumulated at January 1, 2010 will be recognized in retained earnings in accordance with the IFRS 1 transitional exemption. Not taking this exemption would require retrospective application of IAS 19 *Employee Benefits* from the inception of all defined benefit plans. This is anticipated to be the Company's most significant adjustment to our opening statement of financial position.
- Share-based payment: IFRS 2, Share-based Payment, encourages application of its provisions to equity instruments granted on or before November 7, 2002, if fair value information about these instruments had previously been publicly disclosed. As the fair value of the Company's instruments had not been historically disclosed, the Company will not restate share-based payment balances in relation to fully vested awards of share-based payments prior to January 1, 2010.
- Property, plant, and equipment (PP&E): No transitional elections will be taken. The Company will retain assets at historical cost upon transition rather than taking the allowed election to recognize assets at fair value.

In addition to the key areas outlined above, the use of the following additional transitional exemptions, available under IFRS 1, has also been agreed by management and the Audit Committee:

- Borrowing costs: Borrowing costs will not be capitalized retrospectively and the Company will only capitalize borrowing costs incurred after the date of transition (January 1, 2010).
- Business combinations: The Company will not retrospectively restate any business combinations; IFRS 3 will be applied prospectively to acquisitions after January 1, 2010. This date is consistent with the Company's adoption of the CICA's revised sections for business combinations, consolidations, and non controlling interests.
- Cumulative translation adjustments: All cumulative translation adjustments and associated cumulative hedging gains and losses will be transferred to retained earnings from accumulated other comprehensive income upon transition. Not taking this election would require retrospective application of IAS 21 *The Effect of Changes in Foreign Exchange Rates* from the date the foreign operations were formed or acquired.

IFRS opening statement of financial position

The following table summarizes the expected quantitative impact on the consolidated statement of financial position of the Company's transition to IFRS at January 1, 2010. These differences have been identified with reference to IFRS effective at the time of publishing this MD&A. In the event that new or amended accounting standards or interpretations become effective prior to the inclusion of the Company's financial statement of position in its first annual audited IFRS financial statements (December 2011 year end), the differences currently identified between Canada GAAP and IFRS may change.

January 1, 2010 ($ millions)	Canadian GAAP	Employee benefits[1]	Share-based payment[2]	Leases[3]	Income taxes[4]	Other[5]	IFRS reclassific ations[6]	IFRS
Current assets	$ 2,083.6	$ —	$ —	$ —	$ —	$ —	$ (80.1)	$ 2,003.5
Non-current assets	1,587.8	(152.7)	(0.4)	4.2	(0.8)	(1.8)	(12.9)	1,423.4
Total assets	3,671.4	(152.7)	(0.4)	4.2	(0.8)	(1.8)	(93.0)	3,426.9
Current liabilities	945.0	—	—	0.6	—	—	(24.3)	921.3
Non-current liabilities	1,210.7	73.0	0.6	(1.7)	4.5	(0.7)	(68.7)	1,217.7
Total liabilities	2,155.7	73.0	0.6	(1.1)	4.5	(0.7)	(93.0)	2,139.0
Shareholders' equity	1,515.7	(225.7)	(1.0)	5.3	(5.3)	(1.1)	—	1,287.9
Total liabilities and shareholders' equity	$ 3,671.4	$ (152.7)	$ (0.4)	$ 4.2	$ (0.8)	$ (1.8)	$ (93.0)	$ 3,426.9

Under IFRS, the Company anticipates that its net debt to total capitalization ratio will continue to be within the Company's target range of 35-45%. The transition to IFRS is not expected to significantly impact the Company's current bank covenants.

The following notes explain the significant adjustments to the Company's Canadian GAAP statement of financial position at January 1, 2010, as a result of the Company's transition to IFRS:

1. *Employee benefits*

   Under Canadian GAAP, actuarial gains and losses were deferred and amortized in accordance with the "corridor" method. The excess of the net accumulated actuarial gains or losses over 10% of the greater of the accrued benefit obligation and the fair value of the plan assets was amortized on a straight-line basis over the expected average remaining service life of the active employees covered by the plans.

   As described above in the IFRS transitional elections section, the Company elected to recognize its unamortized cumulative actuarial loss of $225.7 million (after-tax) that existed at the transition date in opening retained earnings for all employee benefit plans.

   In addition, IFRS requires that the Company measures the assets and liabilities of the defined benefit plan at the end of the reporting period, whereas Canadian GAAP allows the valuation to occur up to 3 months prior to the reporting date. The Company's measurement date prior to adopting IFRS was November 30. Plans that were previously measured on November 30, 2009 will be re-valued as at December 31, 2009 under IFRS.

   There is ongoing debate as to the applicability of International Financial Reporting Interpretations Committee (IFRIC) 14 in the Canadian regulatory environment. The quantifications provided above assume that no IFRIC 14 liability for minimum defined benefit pension plan funding requirements is required to be recognized in the Company's opening statement of financial position. Developments in the interpretation of IFRIC 14 in a Canadian context could result in an adjustment to the opening statement of financial position defined benefit pension liability.

2. *Share-based Payment*

   Cash settled plans

   Under Canadian GAAP, cash settled share-based payments are measured at intrinsic value, with changes in intrinsic value taken to the income statement immediately. IFRS requires such cash settled plans to be valued at fair value and valuation movements will continue to be taken to the income statement. The additional liability of $0.6 million arising from the fair valuation under IFRS of the Company's cash settled deferred share units and share appreciation rights plans at December 31, 2009 will be recognized in the opening statement of financial position.

   Equity settled plans

   Under Canadian GAAP, the Company values share options that vest in tranches as a single grant. IFRS requires that each share option tranche be valued as a separate grant with a separate vesting date. In addition, under IFRS, the initial valuation is based upon the amount of awards estimated to vest, whereas under Canadian GAAP the Company only recognizes forfeitures of awards as and when they arise. The Company will record a charge to contributed surplus of $1.4 million for unvested share options in its IFRS opening statement of financial position to reflect these changes in the valuation process.

   The method of computation of deferred tax on share-based payments also differs under IFRS, as compared to Canadian GAAP. The Canadian GAAP deferred tax balances will therefore be recalculated in the statement of financial position to reflect these differences in deferred tax methodology.

3. *Leases*

   a. *Accelerated recognition of sale and leaseback gains*

      Under Canadian GAAP, operating sale and leaseback gains are deferred and amortized over the term of the operating lease. Under IFRS, such gains may be recognized upfront if the sale and leaseback results in an operating lease, and is undertaken at fair value. As certain sale and leaseback transactions of the Company meet these criteria, the unamortized portion of the gains of $5.4 million (after-tax) will be recognized in retained earnings and the deferred gain derecognized in the opening IFRS statement of financial position.

   b. *Reclassification of certain leases from operating to finance lease*

      While the concepts of operating and finance leases are very similar between Canadian GAAP and IFRS, IFRS provides more qualitative indicators to apply in the classification of the lease, and does not specify quantitative thresholds to be applied in the lease classification test. Certain leases which were classified as operating under Canadian GAAP are now classified as financing under IFRS. Leased assets of $4.9 million will be capitalized on the opening statement of financial position, with the corresponding payable recognized as a liability.

4. *Income taxes*

IAS 12 requires that deferred tax be recognized on foreign exchange differences where the currency of the tax basis of non monetary assets is different to the functional currency for accounting purposes, whereas no such deferred taxation was recognized under Canadian GAAP. This difference gives rise to an additional deferred tax asset of $1.5 million under IFRS. In addition, under IFRS deferred taxes are recognized on temporary differences arising from intra-company transfers, which will result in an additional $2.1 million deferred tax asset, whereas this is not required under Canadian GAAP.

There are also differences between IFRS and Canadian GAAP with respect to the calculation of the tax basis of certain assets in the UK and Chile. In Chile, inflation adjustments on assets that are subject to income tax will be included in the tax basis of the asset for deferred tax computation purposes under IFRS. In the UK, the determination of the tax basis for certain buildings is impacted by the different approaches of Canadian GAAP and IFRS with regard to circumstances where the tax deductible amount of a building differs dependent on whether it is used or sold. The differences in the computation of the UK buildings tax basis will result in the recognition of an additional $8.9 million deferred tax liability under IFRS.

5. *Other miscellaneous adjustments*

These are immaterial adjustments in relation to the componentization of rental assets and differences in the accounting treatment of asset retirement obligations.

6. Opening statement of financial position presentation reclassifications

The following notes explain each statement of financial position reclassification arising from the Company's transition to IFRS:

Joint Venture Accounting

Canadian GAAP prescribes the use of the proportionate consolidation method for joint ventures. Under IFRS, the Company may use either proportionate consolidation or equity method accounting. In anticipation of proposed amendments to IAS 31, *Joint Ventures*, which would mandate the use of the equity method accounting for Joint Ventures, the Company has elected to adopt the IFRS option to use equity accounting for its existing joint ventures. This has no overall impact on net assets, but alters the presentation of the joint venture; the joint venture will be presented as a separate line item under IFRS, 'Investment in joint ventures and associate' on the statement of financial position. The Company's investment in an associate, which was always accounted for using the equity method under Canadian GAAP, will be re-classified under IFRS from 'other assets' into 'Investment in joint ventures and associate' on the statement of financial position.

Income taxes

Canadian GAAP requires deferred taxation balances to be split between current and non-current assets and liabilities. In contrast, IAS 12 requires that all deferred tax be presented as non-current. Current deferred tax balances will be re-classified to non-current assets and liabilities under IFRS.

Accounting policy changes

In addition to the transitional impacts described above, there are several accounting policy differences which will impact the company on a go-forward basis. Except for changes to the employee benefits and income taxes accounting policies, the changes to the accounting policies described below are not anticipated to have a significant impact on the Company's income statement. This is not an exhaustive list, but it provides an indication of the main accounting policy changes which will apply to the Company under IFRS effective January 1, 2011 with comparatives presented for 2010:

- <u>Employee benefits</u>: Under Canadian GAAP, the Company applies the 'corridor' method of accounting, whereby actuarial gains and losses are deferred and amortized over time. Under IFRS, the Company has elected to record actuarial gains and losses arising from its defined benefit pension plans in other comprehensive income. As the Company will no longer defer and amortize actuarial gains and losses occurring after January 1, 2011 under IFRS, this will likely increase variability in other comprehensive income and accumulated other comprehensive income.

  The Company's pension expense under IFRS will be lower than that recorded under Canadian GAAP as actuarial losses will no longer be amortized. Excluding the amortization of actuarial losses, 2010 pension expense under IFRS would be lower than the Canadian GAAP balance by approximately $10 million after tax.

- <u>Income taxes:</u> Although the basis of computation of future income taxes is largely consistent between Canadian GAAP and IFRS, there are some specific differences relating to the recognition of future income taxes in relation to intra-group transfers, share-based payment (in jurisdictions where such compensation is tax deductible) and foreign exchange differences on non monetary assets. The future income statement impact of these differences is not determinable as it is dependent on, among other factors, exchange rate movements and the volume of non-monetary assets transferred between the consolidated group. In addition, all deferred taxes are classified as long term for IFRS purposes.

- Share-based payment: All share-based payment will be valued at fair value under IFRS using an option pricing model. The Company has selected the Black Scholes option pricing model. This represents an accounting policy difference for the company's cash settled plans, as these are currently valued at intrinsic value (being the difference between the current share price and the grant price of the award). In addition, the valuation of stock options under IFRS requires individual 'tranche based' valuations for those option plans with graded vesting, whilst Canadian GAAP allows a single valuation for all tranches. The impact of these changes on the income statement is not anticipated to be significant.

- PP&E: Under IFRS, PP&E may be accounted for using either a cost or revaluation model. The Company has elected to use the cost model for all classes of property, plant, and equipment. This is consistent with the Company's current accounting policy and hence will not impact the Company's PP&E balances.

- Borrowing costs: Borrowing costs for all qualifying assets incurred after January 1, 2010 will be capitalized. This will reduce finance costs and increase PP&E balances and associated depreciation for those assets constructed after January 1, 2010; the impact of this policy change will be dependent on the magnitude of capital spend on qualifying assets in the future.

- Investment property: IFRS provides separate guidance on the accounting for properties held primarily for rental or resale. The Company has certain land and buildings which meet the IFRS definition of investment property, and intends to account for these using the cost model; this is consistent with the current accounting for these assets and hence will not impact the Company's PP&E balances.

- Impairment: IFRS requires property, plant, equipment, intangibles and goodwill to be assessed for impairment at the 'cash generating unit' level, rather than the reporting unit level considered by Canadian GAAP. The Company has identified more cash generating units than the reporting units currently used to assess for impairment under Canadian GAAP. Whether the Company will be materially impacted by this change will depend upon the facts at the time of each impairment test.

- Joint ventures: Under IFRS, reporters may currently choose between proportionate consolidation and equity accounting for jointly controlled entities. Under the proposals for the revised joint venture standard, due to be issued Q4 2010, the proportionate consolidation option would be eliminated. In anticipation of this change to IFRS, the Company intends to adopt the equity accounting method for its joint ventures, which are currently proportionately consolidated under Canadian GAAP. This has no overall impact on net income or net assets of the Company, but alters the presentation of the joint venture entities in the financial statements.

Management continues to monitor standards to be issued by the IASB, but it remains difficult to predict the IFRS that will be effective at the end of the Company's first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. Their projects on employee benefits, leases, revenue, financial instruments, and provisions are especially relevant to the Company as it prepares to adopt IFRS on January 1, 2011, and management will be monitoring any changes to these standards closely.

Outstanding Share Data

As at November 5, 2010	
Common shares outstanding	**171,189,256**
Options outstanding	**6,018,942**

Outlook

Consolidated backlog increased for the fourth consecutive quarter and is the highest since the fourth quarter of 2008. The Company's consolidated backlog reflects increased demand for new equipment and solid quotation activity in all sectors, particularly the mining sector. In all markets, low hour, used equipment is in short supply and customer demand for rental equipment is strengthening.

As market conditions are improving, all regions are experiencing increased lead times from Caterpillar for new equipment. The Company is working closely with its customers to plan for future equipment needs and is leveraging the entire dealer network to source equipment.

Product support revenues are expected to continue to grow as economic conditions improve and more equipment is operational. In all regions, there is an increase in equipment rebuild work for large mining equipment. Product support is improving in non-mining sectors as well.

In Canada, the Company is experiencing increased demand for equipment and product support in all sectors. In mining, including the oil sands, quoting and new machine sales activity is robust. In non-mining sectors, particularly heavy construction and forestry, demand for equipment is strengthening. The oil and gas sector is showing signs of improvement. Product support revenues continue to grow in all sectors and large equipment overhaul and component remanufacturing activity is solid.

In South America, the Company is actively quoting to mining customers and receiving new orders for large equipment. At current copper and gold prices, the mining industry is expected to remain very strong. Mining contracts are expected to continue to drive product support growth. In Chile, construction and power systems sales activity are projected to remain strong, as the government is supporting significant investment in infrastructure. Non-mining equipment is well-utilized and will continue to contribute to ongoing product support growth in South America.

In the UK, the implications of recent announcements by the government to cut public spending while committing to significant investments in infrastructure are still being assessed. It may take a few quarters to understand the full impact. The Company sees opportunities with coal mining, quarrying, waste, and plant hire customers for new equipment sales and product support. In power systems, order intake is expected to improve as marine, oil and gas, and power and energy sectors are strengthening. The integration of the Irish regions is progressing well.

In 2010, revenues from continuing operations are now expected to be comparable to 2009 levels, with lower new equipment sales offset by slightly higher product support revenues. As markets recover and our cost structure is reduced, the Company now expects full year 2010 EBIT from continuing operations to be moderately better than 2009.

The Company is on track to meet its targeted permanent SG&A expense reductions. The Company is purchasing equipment to fill orders for mining customers and stock up certain models of other equipment for anticipated sales. As customer demand for equipment and parts is stronger than expected at this time, the Company is experiencing increased pressure on working capital, in particular, higher inventory levels. While the Company remains committed to generating free cash flow of approximately $200 million in 2010, this growth in demand has made achieving this goal increasingly more challenging. The net debt to capital ratio is expected to be in the mid-30% range by the end of 2010.

November 10, 2010

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; expected revenue and EBIT growth; anticipated effective tax rate; anticipated generation of free cash flow (including projected net capital and rental expenditures), and its expected use; anticipated defined benefit plan contributions; expected target range of Debt Ratio; and the expected quantitative impact on the consolidated statement of financial position of the Company's transition to IFRS at January 1, 2010. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at November 10, 2010. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; new or amended IFRS or interpretations that become effective prior to the inclusion of the Company's financial statement of position in its first annual audited IFRS financial statements. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

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

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

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

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three months ended September 30		Nine months ended September 30	
($ thousands, except share and per share amounts)	2010 unaudited	2009 unaudited	2010 unaudited	2009 unaudited
Revenue				
New equipment	$ 549,749	$ 416,529	$1,306,715	$1,513,954
Used equipment	55,767	64,591	211,319	224,002
Equipment rental	81,322	74,501	215,250	238,014
Product support	531,143	454,386	1,534,563	1,414,634
Other	2,075	2,244	7,157	8,495
Total revenue	1,220,056	1,012,251	3,275,004	3,399,099
Cost of sales	857,428	719,937	2,287,736	2,408,130
Gross profit	362,628	292,314	987,268	990,969
Selling, general, and administrative expenses	263,872	239,769	765,203	759,423
Other expenses (Note 2)	10,632	5,323	26,151	24,368
Earnings from continuing operations before interest and income taxes	88,124	47,222	195,914	207,178
Finance costs (Note 3)	9,933	15,834	45,895	44,875
Income from continuing operations before provision for income taxes	78,191	31,388	150,019	162,303
Provision for income taxes	16,697	5,815	29,409	27,311
Income from continuing operations	61,494	25,573	120,610	134,992
Loss from discontinued operations, net of tax (Note 7)	—	(3,905)	(249,089)	(20,483)
Net income (loss)	$ 61,494	$ 21,668	$ (128,479)	$ 114,509
Earnings (loss) per share – basic				
From continuing operations (Note 5)	$ 0.36	$ 0.15	$ 0.71	$ 0.79
From discontinued operations	—	(0.02)	(1.46)	(0.12)
	$ 0.36	$ 0.13	$ (0.75)	$ 0.67
Earnings (loss) per share – diluted				
From continuing operations (Note 5)	$ 0.36	$ 0.15	$ 0.70	$ 0.79
From discontinued operations	—	(0.02)	(1.45)	(0.12)
	$ 0.36	$ 0.13	$ (0.75)	$ 0.67
Weighted average number of shares outstanding				
Basic	171,059,627	170,640,569	170,956,128	170,581,181
Diluted	171,822,395	171,134,859	171,478,078	170,958,969

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

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	September 30, 2010 unaudited	December 31, 2009 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 208,195**	$ 146,055
Accounts receivable	**658,541**	584,203
Service work in progress	**78,878**	62,563
Inventories (Note 8)	**1,154,776**	992,075
Other assets	**199,012**	197,275
Assets of discontinued operations (Note 7)	—	101,490
Total current assets	**2,299,402**	2,083,661
Finance assets	**29,814**	32,604
Rental equipment	**407,494**	440,809
Land, buildings, and equipment	**441,619**	439,712
Intangible assets	**44,590**	32,450
Goodwill	**92,941**	94,254
Other assets	**217,687**	212,905
Assets of discontinued operations (Note 7)	—	335,040
	$ 3,533,547	$ 3,671,435
LIABILITIES		
Current liabilities		
Short-term debt	**$ 67,879**	$ 162,238
Accounts payable and accruals	**956,049**	697,260
Income tax payable	**9,443**	8,429
Current portion of long-term debt	**37,912**	24,179
Liabilities of discontinued operations (Note 7)	—	52,876
Total current liabilities	**1,071,283**	944,982
Long-term debt	**891,043**	991,732
Long-term obligations	**107,615**	105,878
Future income taxes	**70,022**	80,388
Liabilities of discontinued operations (Note 7)	—	32,769
Total liabilities	**2,139,963**	2,155,749
SHAREHOLDERS' EQUITY		
Share capital	**561,667**	557,052
Contributed surplus	**36,318**	33,509
Accumulated other comprehensive loss	**(235,071)**	(293,869)
Retained earnings	**1,030,670**	1,218,994
Total shareholders' equity	**1,393,584**	1,515,686
	$ 3,533,547	$ 3,671,435

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

($ thousands)	Three months ended September 30 2010 unaudited	Three months ended September 30 2009 unaudited	Nine months ended September 30 2010 unaudited	Nine months ended September 30 2009 unaudited
Net income (loss)	**$ 61,494**	$ 21,668	**$ (128,479)**	$ 114,509
Other comprehensive income (loss), net of income tax				
Currency translation adjustments	**(15,224)**	(142,427)	**(54,527)**	(135,423)
Unrealized gain (loss) on net investment hedges	**(2,423)**	79,539	**11,856**	59,114
Realized loss on foreign currency translation, net of realized gain on net investment hedges, reclassified to earnings on disposal of discontinued operations	**—**	—	**82,833**	—
Tax recovery (expense) on net investment hedges	**341**	(15,662)	**15,257**	(17,153)
Foreign currency translation and gain (loss) on net investment hedges	**(17,306)**	(78,550)	**55,419**	(93,462)
Unrealized gain (loss) on cash flow hedges	**6,656**	(569)	**2,204**	7,558
Realized loss (gain) on cash flow hedges, reclassified to earnings	**(1,565)**	97	**2,213**	(1,284)
Tax recovery (expense) on cash flow hedges	**(901)**	157	**(1,038)**	1,494
Gain (loss) on cash flow hedges	**4,190**	(315)	**3,379**	7,768
Comprehensive income (loss)	**$ 48,378**	$ (57,197)	**$ (69,681)**	$ 28,815

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

($ thousands, except share amounts)	Share Capital: Shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation and Gain / (Loss) on Net Investment Hedges	Accumulated Other Comprehensive Income (Loss): Gain / (Loss) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2009	170,445,067	$ 554,966	$ 25,441	$ (160,971)	$ (15,473)	$ 1,163,141	$ 1,567,104
Comprehensive income (loss)	—	—	—	(93,462)	7,768	114,509	28,815
Issued on exercise of stock options	216,310	1,554	(121)	—	—	—	1,433
Stock option expense	—	—	6,644	—	—	—	6,644
Dividends on common shares	—	—	—	—	—	(56,194)	(56,194)
Balance, September 30, 2009	170,661,377	$ 556,520	$ 31,964	$ (254,433)	$ (7,705)	$ 1,221,456	$ 1,547,802
Balance, January 1, 2010	**170,746,800**	**$ 557,052**	**$ 33,509**	**$ (289,023)**	**$ (4,846)**	**$ 1,218,994**	**$ 1,515,686**
Comprehensive income (loss)	**—**	**—**	**—**	**55,419**	**3,379**	**(128,479)**	**(69,681)**
Issued on exercise of stock options	**430,114**	**4,615**	**(1,193)**	**—**	**—**	**—**	**3,422**
Stock option expense	**—**	**—**	**4,002**	**—**	**—**	**—**	**4,002**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(59,845)**	**(59,845)**
Balance, September 30, 2010	**171,176,914**	**$ 561,667**	**$ 36,318**	**$ (233,604)**	**$ (1,467)**	**$ 1,030,670**	**$ 1,393,584**

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

($ thousands)	Three months ended September 30 2010 unaudited	Three months ended September 30 2009 unaudited	Nine months ended September 30 2010 unaudited	Nine months ended September 30 2009 unaudited
OPERATING ACTIVITIES				
Net income	**$ 61,494**	$ 21,668	**$ (128,479)**	$ 114,509
Add items not affecting cash				
Depreciation and amortization	**46,013**	49,018	**130,277**	153,296
Future income taxes	**(5,452)**	4,880	**(9,636)**	9,219
Stock-based compensation	**881**	2,530	**4,917**	7,315
Gain on disposal of capital assets	**(27)**	(75)	**(79)**	(129)
Loss on disposal of discontinued operations (Note 7)	**—**	—	**244,094**	—
Other	**(101)**	(71)	**7,377**	2,101
	102,808	77,950	**248,471**	286,311
Changes in working capital items (Note 10)	**(27,079)**	156,331	**(5,726)**	100,610
Cash provided after changes in working capital items	**75,729**	234,281	**242,745**	386,921
Rental equipment, net of disposals	**(38,626)**	(4,202)	**(67,184)**	(2,345)
Equipment leased to customers, net of disposals	**(417)**	(5,579)	**(1,919)**	(25,461)
Cash provided by continuing operations	**36,686**	224,500	**173,642**	359,115
Cash provided by discontinued operations	**—**	22,018	**2,374**	74,811
Cash provided by operating activities	**36,686**	246,518	**176,016**	433,926
INVESTING ACTIVITIES				
Additions to capital assets	**(18,714)**	(28,824)	**(47,813)**	(86,319)
Proceeds on disposal of capital assets	**3,898**	1,670	**5,332**	4,666
Net proceeds paid on acquisition (Note 6)	**(3,344)**	—	**(3,344)**	—
Net proceeds from sale of discontinued operations (Note 7)	**—**	—	**117,829**	—
Proceeds (payments) on settlement of derivatives	**—**	—	**25,983**	(12,252)
Cash provided by (used in) continuing investing activities	**(18,160)**	(27,154)	**97,987**	(93,905)
Cash provided by discontinued investing activities	**—**	6,293	**3,859**	11,239
Cash provided by (used in) investing activities	**(18,160)**	(20,861)	**101,846**	(82,666)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**6,200**	(26,608)	**(92,362)**	114,726
Repayment of long-term debt	**(3,587)**	(114,403)	**(31,993)**	(310,730)
Purchase of Eurobond Notes and premium paid (Note 3)	**—**	—	**(74,598)**	—
Issue of common shares on exercise of stock options	**896**	301	**3,210**	1,433
Dividends paid	**(20,530)**	(18,771)	**(59,845)**	(56,194)
Cash used in continuing financing activities	**(17,021)**	(159,481)	**(255,588)**	(250,765)
Cash used in discontinued financing activities	**—**	(18,050)	**(7,825)**	(39,054)
Cash used in financing activities	**(17,021)**	(177,531)	**(263,413)**	(289,819)
Effect of currency translation on cash balances	**(2,333)**	(10,109)	**(4,158)**	(10,878)
Increase (decrease) in cash and cash equivalents	**(828)**	38,017	**10,291**	50,563
Cash and cash equivalents, beginning of period	**209,023**	122,318	**197,904**	109,772
Cash and cash equivalents, end of period	**$ 208,195**	$ 160,335	**$ 208,195**	$ 160,335

See supplemental cash flow information, Note 10

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

1. Significant Accounting Policies

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2009 audited annual consolidated financial statements and the notes below.

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

(a) Change in Accounting Policy

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a change in the basis of measurement of non-controlling interests, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011.

Effective January 1, 2010, the Company early adopted Sections 1582, 1601, and 1602 in accordance with the transitional provisions. The adoption of Sections 1601 and 1602 did not have a material impact on the Company's consolidated financial statements. Whether the Company will be materially affected by the new recommendations of Section 1582 will depend upon the specific facts of business combinations, if any, occurring subsequent to January 1, 2010. In August 2010, the Company was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland (see Note 6). These acquisitions have been accounted for in accordance with the new standard on business combinations; however, the Company was not materially affected as a result of adopting the new recommendations of Section 1582 for these transactions.

(b) Future Accounting Pronouncements

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

(c) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2010 presentation.

2. Other Expenses (Income)

Other expenses (income) include the following items:

($ thousands)	Three months ended September 30 **2010**	2009	Nine months ended September 30 **2010**	2009
Restructuring (a)	**$ 519**	$ 2,904	**$ 3,735**	$ 11,819
Project costs (b)	**8,311**	2,494	**20,666**	12,678
Acquisition and other related costs (Note 6)	**1,829**	—	**1,829**	—
Gain on sale of other surplus properties	**(27)**	(75)	**(79)**	(129)
	$ 10,632	$ 5,323	**$ 26,151**	$ 24,368

The tax recovery on other expenses for the three months ended September 30, 2010 was $2.5 million (2009: $1.5 million) and during the nine-month period ended September 30, 2010 was $6.6 million (2009: $7.1 million).

a) During the nine months ended September 30, 2010 and 2009, the Company incurred restructuring and severance costs of $3.7 million and $11.8 million, respectively. These costs related to severance and were higher in 2009 in response to market conditions, primarily in the Company's Canadian operations.

b) Project costs incurred during the nine months ended September 30, 2010 and 2009 relate to the implementation of a new information technology system for the Company's global operations.

3. Finance Costs

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

($ thousands)	Three months ended September 30 2010	Three months ended September 30 2009	Nine months ended September 30 2010	Nine months ended September 30 2009
Interest on debt securities:				
Short-term debt	**$ 299**	$ 1,400	**$ 1,168**	$ 3,785
Long-term debt	**12,616**	13,814	**38,166**	42,068
	12,915	15,214	**39,334**	45,853
Loss on interest rate derivatives	**374**	490	**1,289**	1,453
Costs associated with debt purchase (a)	**—**	—	**6,441**	—
Interest income on tax reassessment	**(2,941)**	—	**(2,941)**	(3,529)
Other finance related expenses, net of sundry interest earned	**(415)**	1,793	**3,824**	5,020
	9,933	17,497	**47,947**	48,797
Less: interest expense related to discontinued operations	**—**	(1,663)	**(2,052)**	(3,922)
Finance costs from continuing operations	**$ 9,933**	$ 15,834	**$ 45,895**	$ 44,875

a) Following the sale of Hewden, the Company's UK equipment rental business (see Note 7), the Company used a portion of the proceeds to purchase £45 million of its £115 million 5.625% Eurobond Notes due 2013. The Company recorded charges of approximately $6.4 million, reflecting the premium paid to purchase the Notes, the early recognition of deferred financing costs, and other costs associated with this purchase.

4. Stock-Based Compensation Plans

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

Stock Options

Details of the stock option plans are as follows:

	Nine months ended September 30, 2010 Options	Nine months ended September 30, 2010 Weighted Average Exercise Price	Twelve months ended December 31, 2009 Options	Twelve months ended December 31, 2009 Weighted Average Exercise Price
Options outstanding, beginning of period	**6,299,454**	**$ 22.94**	6,037,270	$ 23.72
Granted	**548,990**	**$ 17.43**	978,703	$ 14.64
Exercised	**(615,612)**	**$ 12.05**	(301,733)	$ 6.51
Cancelled	**(137,630)**	**$ 25.58**	(414,786)	$ 26.63
Options outstanding, end of period	**6,095,202**	**$ 23.49**	6,299,454	$ 22.94
Exercisable at period end	**4,423,707**	**$ 24.73**	3,827,509	$ 22.01

In 2010 and 2009, long-term incentives for executives and senior management were a combination of both stock options and performance share units. In the second quarter of 2010, the Company granted 548,990 common share options to senior executives and management of the Company (Q2 2009: 978,703 common share options). The Company's practice is to grant and price stock options only when it is felt that all material information has been disclosed to the market.

The Company determines the cost of all stock options granted since January 1, 2003 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2010 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.75%
Expected volatility	33.41%
Risk-free interest rate	2.66%
Expected life	5.8 years

The weighted average grant date fair value of options granted during the year was $5.20 (2009: $5.07).

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share units, performance share units, and stock appreciation rights that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2009 are as follows:

Directors

Directors' Deferred Share Unit Plan A (DDSU)

Under the Deferred Share Unit Plan (DDSU) for members of the Board of Directors, non-employee Directors of the Company were allocated a total of 33,803 share units in May 2010 (May 2009: 22,293 share units), which were granted to the Directors and will be expensed over the calendar year as the units are issued.

Executive

Performance Share Unit Plan (PSU)

Executives of the Company were allocated a total of 236,390 performance share units in 2010, based on 100% vesting (Q2 2009: 341,253 performance share units).

The specified levels and respective vesting percentages for the 2010 grant are as follows:

Performance Level	Average Return on Equity (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 12%	Nil
Threshold	12%	25%
Target	14%	100%
Maximum	17% or more	150%

5. Earnings Per Share

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

Earnings used in determining earning per share from continuing operations are presented below. Earnings used in determining earnings per share from discontinued operations are the earnings from discontinued operations as reported within the consolidated statements of income.

($ thousands, except share and per share amounts)	Three months ended September 30			Nine months ended September 30		
2010	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS from continuing operations:						
Net income from continuing operations	**$ 61,494**	**171,059,627**	**$ 0.36**	**$120,610**	**170,956,128**	**$ 0.71**
Effect of dilutive securities: stock options	**—**	**762,768**	**—**	**—**	**521,950**	**(0.01)**
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	**$ 61,494**	**171,822,395**	**$ 0.36**	**$120,610**	**171,478,078**	**$ 0.70**
2009						
Basic EPS from continuing operations:						
Net income from continuing operations	$ 25,573	170,640,569	$ 0.15	$134,992	170,581,181	$ 0.79
Effect of dilutive securities: stock options	—	494,290	—	—	377,788	—
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	$ 25,573	171,134,859	$ 0.15	$134,992	170,958,969	$ 0.79

6. Acquisitions

In August 2010, Finning was appointed the Caterpillar dealer for Northern Ireland and the Republic of Ireland. The purchase is accounted for under the purchase method of accounting. The results of these operations have been included in the consolidated financial statements since that date.

The Company acquired certain assets, comprising inventory, a building, and other fixed assets, from the Administrator or Receiver of the previous Caterpillar dealers in Northern Ireland and the Republic of Ireland. The total purchase price for the assets is approximately $6 million (GBP 3.7 million), representing the fair value of the assets acquired. Acquisition and other related costs of $1.8 million were incurred on the transaction, and are recorded in other expenses on the consolidated statement of income. The total purchase price will be paid in cash; in the third quarter of 2010, $3.3 million was paid with the remaining $4.5 million to be paid in the fourth quarter of 2010. The preliminary allocation of the purchase price is based on management's best estimate at September 30, 2010 and is expected to be finalized by December 31, 2010.

In conjunction with these acquisitions, the Company increased its interest in Energyst B.V. by committing to purchase, at fair value, 11,230 shares for cash of $1.4 million (EUR 1.0 million). As a result, the Company's equity interest in Energyst increased to 27.0% from 25.4%.

7. Disposition of Discontinued Operation

Following an extensive strategic review, on May 5, 2010, the Company sold its U.K. equipment rental subsidiary, Hewden Stuart Limited (Hewden). The Company determined that a large, short-term rental business operating separately from its UK dealership was not aligned with the Company's strategic objectives. Gross proceeds on the sale of Hewden of $171.1 million (£110.2 million) comprised cash of £90.2 million and a £20.0 million interest bearing 5-year note receivable with a fair value of £16.9 million. Transaction costs of $7.2 million were incurred and paid on the transaction.

The loss on sale was $244.1 million or $1.43 per share, which included the realization of $100.8 million of foreign exchange losses related to the Company's investment in Hewden which was previously recorded in accumulated other comprehensive loss, and $68.0 million related to Hewden's unfunded pension liability, which the buyer assumed.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities in the balance sheet for periods prior to the date of disposition have been presented separately. The results of Hewden had previously been reported in the Finning UK Group segment.

Loss from discontinued operations to the date of disposition is summarized as follows:

($ thousands)	Three months ended September 30 2010	Three months ended September 30 2009	Nine months ended September 30 2010	Nine months ended September 30 2009
Revenue	**$ —**	$ 60,973	**$ 65,259**	$ 203,313
Loss before provision for income taxes	**—**	(7,815)	**(7,596)**	(34,137)
Loss on sale of discontinued operation	**—**	—	**(238,013)**	—
Provision for income taxes – recovery (expense)	**—**	3,910	**(3,480)**	13,654
Loss from discontinued operations	**$ —**	$ (3,905)	**$ (249,089)**	$ (20,483)

The carrying amounts of assets and liabilities related to discontinued operations as at the date of disposition, and for the comparative period presented, are as follows:

($ thousands)	May 5 2010 (date of disposition)	December 31 2009
ASSETS		
Current assets		
Cash	$ 15,403	$ 51,849
Accounts receivable	41,584	38,438
Inventories	1,385	1,448
Other assets	12,985	9,755
Total current assets	71,357	101,490
Rental equipment	214,645	250,311
Land, building and equipment	36,246	43,065
Intangible assets	7,174	9,019
Other assets	62,159	32,645
Total assets	$ 391,581	$ 436,530
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$ 47,342	$ 52,681
Income tax payable	160	195
Total current liabilities	47,502	52,876
Long-term obligations	3,638	4,269
Future income taxes	24,112	28,500
Total liabilities	$ 75,252	$ 85,645

As part of the Hewden Purchase and Sale Agreement, Finning provided indemnifications to the third party purchaser, covering breaches of representation and warranties as well as litigation and other matters set forth in the agreement. Claims may be made by the third party purchaser under the agreement for various periods of time depending on the nature of the claim, up to six years. The maximum potential exposure of Finning under these indemnifications is 100% of the purchase price. As at September 30, 2010, Finning had no material liabilities recorded for these indemnifications.

8. INVENTORIES

($ thousands)	September 30, 2010	December 31, 2009
On-hand equipment	**$ 646,630**	$ 589,983
Parts and supplies	**397,741**	325,033
Internal service work in progress	**110,405**	77,059
Inventories	**$ 1,154,776**	$ 992,075

For the three months ended September 30, 2010, on-hand equipment, parts, supplies, and internal service work in progress from continuing operations recognized as an expense amounted to $787.9 million (2009: $657.6 million), and for the nine months ended September 30, 2010 amounted to an expense of $2,091.1 million (2009: $2,220.8 million). For the three months ended September 30, 2010, the write-down of inventories to net realizable value, included in cost of sales from continuing operations, amounted to $5.6 million (2009: $6.2 million) and for the nine months ended September 30, 2010 amounted to $34.5 million (2009: $22.3 million).

9. CURRENCY RATES

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

Exchange rate	September 30, 2010	December 31, 2009	September 30, 2009
U.S. dollar	**1.0298**	1.0466	1.0722
U.K. pound sterling	**1.6198**	1.6918	1.7158
Three months ended September 30 Average exchange rates	**2010**		2009
U.S. dollar	**1.0391**		1.0979
U.K. pound sterling	**1.6117**		1.8003
Nine months ended September 30 Average exchange rates	**2010**		2009
U.S. dollar	**1.0356**		1.1701
U.K. pound sterling	**1.5888**		1.7982

10. Supplemental Cash Flow Information

Non cash working capital changes

($ thousands)	Three months ended September 30 2010	2009	Nine months ended September 30 2010	2009
Accounts receivable and other	**$ (20,039)**	$ 81,850	**$ (109,325)**	$ 218,385
Inventories – on-hand equipment	**(54,790)**	176,675	**(64,029)**	226,820
Inventories – parts and supplies	**(60,879)**	23,973	**(125,651)**	53,239
Accounts payable and accruals	**97,658**	(120,949)	**267,191**	(399,292)
Income taxes	**10,971**	(5,218)	**26,088**	1,458
Changes in working capital items	**$ (27,079)**	$ 156,331	**$ (5,726)**	$ 100,610

Components of cash and cash equivalents

September 30 ($ thousands)	2010	2009
Cash	**$ 71,405**	$ 91,205
Short-term investments	**136,790**	69,130
Cash and cash equivalents	**$ 208,195**	$ 160,335

Interest and tax payments

($ thousands)	Three months ended September 30 2010	2009	Nine months ended September 30 2010	2009
Interest paid	**$ (5,239)**	$ (8,226)	**$ (42,636)**	$ (39,701)
Income taxes received (paid)	**$ (3,867)**	$ (2,977)	**$ 10,031**	$ 9,516

11. Employee Future Benefits

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

Three months ended September 30 ($ thousands)	2010 Canada	2010 UK & Ireland	2010 Total	2009 Canada	2009 UK	2009 Total
Defined contribution plans	**$ 5,352**	**$ 453**	**$ 5,805**	$ 4,567	$ 463	$ 5,030
Defined benefit plans	**3,556**	**2,912**	**6,468**	2,999	999	3,998
Total benefit plan expense	**$ 8,908**	**$ 3,365**	**$ 12,273**	$ 7,566	$ 1,462	$ 9,028

Nine months ended September 30 ($ thousands)	2010 Canada	2010 UK & Ireland	2010 Total	2009 Canada	2009 UK	2009 Total
Defined contribution plans	**$ 15,731**	**$ 1,298**	**$ 17,029**	$ 15,001	$ 1,072	$ 16,073
Defined benefit plans	**10,250**	**7,852**	**18,102**	8,996	2,169	11,165
Total benefit plan expense	**$ 25,981**	**$ 9,150**	**$ 35,131**	$ 23,997	$ 3,241	$ 27,238

12. Segmented Information

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

The reportable operating segments are:

Three months ended September 30, 2010 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 600,216**	**$ 462,193**	**$ 157,647**	**$ —**	**$ 1,220,056**
Operating costs (income)	**(520,375)**	**(408,829)**	**(147,757)**	**1,095**	**(1,075,866)**
Depreciation and amortization	**(30,593)**	**(9,760)**	**(5,040)**	**(41)**	**(45,434)**
	49,248	**43,604**	**4,850**	**1,054**	**98,756**
Other expenses					
IT system implementation costs	**(4,914)**	**(2,475)**	**(815)**	**(107)**	**(8,311)**
Other	**(307)**	**—**	**(2,014)**	**—**	**(2,321)**
Earnings from continuing operations before interest and taxes	**$ 44,027**	**$ 41,129**	**$ 2,021**	**$ 947**	**$ 88,124**
Finance costs					**(9,933)**
Provision for income taxes					**(16,697)**
Net income from continuing operations					**61,494**
Loss from discontinued operations, net of tax					**—**
Net income					**$ 61,494**
Identifiable assets	**$ 1,582,473**	**$ 1,291,408**	**$ 517,129**	**$ 142,537**	**$ 3,533,547**
Capital assets	**$ 311,536**	**$ 131,707**	**$ 42,388**	**$ 578**	**$ 486,209**
Gross capital expenditures [1]	**$ 10,202**	**$ 7,285**	**$ 1,227**	**$ —**	**$ 18,714**
Gross rental asset expenditures	**$ 45,910**	**$ 19,932**	**$ 5,195**	**$ —**	**$ 71,037**

Three months ended September 30, 2009 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	$ 489,885	$ 376,849	$ 145,517	$ —	$ 1,012,251
Operating costs	(438,623)	(331,975)	(134,139)	(6,719)	(911,456)
Depreciation and amortization	(33,078)	(8,648)	(6,479)	(45)	(48,250)
	18,184	36,226	4,899	(6,764)	52,545
Other expenses					
IT system implementation costs	(1,284)	(268)	(76)	(866)	(2,494)
Other	(2,140)	47	(472)	(264)	(2,829)
Earnings (loss) from continuing operations before interest and taxes	$ 14,760	$ 36,005	$ 4,351	$ (7,894)	$ 47,222
Finance costs					(15,834)
Provision for income taxes					(5,815)
Net income from continuing operations					25,573
Loss from discontinued operations, net of tax					(3,905)
Net income					$ 21,668
Identifiable assets from continuing operations	$ 1,760,601	$ 1,110,195	$ 502,417	$ 90,263	$ 3,463,476
Capital assets	$ 307,081	$ 119,536	$ 38,968	$ 6,447	$ 472,032
Gross capital expenditures [1]	$ 19,116	$ 9,434	$ 274	$ —	$ 28,824
Gross rental asset expenditures	$ 14,586	$ 1,472	$ 8,381	$ —	$ 24,439

[1] includes capital leases

Nine months ended September 30, 2010 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,651,981**	**$ 1,162,739**	**$ 460,284**	**$ —**	**$ 3,275,004**
Operating costs	**(1,466,593)**	**(1,021,216)**	**(429,383)**	**(8,906)**	**(2,926,098)**
Depreciation and amortization	**(84,754)**	**(27,149)**	**(14,814)**	**(124)**	**(126,841)**
	100,634	**114,374**	**16,087**	**(9,030)**	**222,065**
Other expenses					
IT system implementation costs	**(11,199)**	**(6,524)**	**(2,377)**	**(566)**	**(20,666)**
Other	**(3,193)**	**—**	**(2,292)**	**—**	**(5,485)**
Earnings from continuing operations before interest and taxes	**$ 86,242**	**$ 107,850**	**$ 11,418**	**$ (9,596)**	**$ 195,914**
Finance costs					**(45,895)**
Provision for income taxes					**(29,409)**
Net income from continuing operations					**120,610**
Loss from discontinued operations, net of tax					**(249,089)**
Net income					**$ (128,479)**
Identifiable assets	**$ 1,582,473**	**$ 1,291,408**	**$ 517,129**	**$ 142,537**	**$ 3,533,547**
Capital assets	**$ 311,536**	**$ 131,707**	**$ 42,388**	**$ 578**	**$ 486,209**
Gross capital expenditures [(1)]	**$ 23,636**	**$ 20,341**	**$ 3,836**	**$ —**	**$ 47,813**
Gross rental asset expenditures	**$ 95,717**	**$ 36,956**	**$ 8,097**	**$ —**	**$ 140,770**

Nine months ended September 30, 2009 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	$ 1,784,809	$ 1,152,557	$ 461,733	$ —	$ 3,399,099
Operating costs	(1,570,609)	(1,001,455)	(425,727)	(18,743)	(3,016,534)
Depreciation and amortization	(103,032)	(28,489)	(19,362)	(136)	(151,019)
	111,168	122,613	16,644	(18,879)	231,546
Other expenses					
IT system implementation costs	(4,494)	(816)	(232)	(7,136)	(12,678)
Other	(8,166)	(501)	(2,759)	(264)	(11,690)
Earnings from continuing operations before interest and taxes	$ 98,508	$ 121,296	$ 13,653	$ (26,279)	$ 207,178
Finance costs					(44,875)
Provision for income taxes					(27,311)
Net income from continuing operations					134,992
Loss from discontinued operations, net of tax					(20,483)
Net income					$ 114,509
Identifiable assets from continuing operations	$ 1,760,601	$ 1,110,195	$ 502,417	$ 90,263	$ 3,463,476
Capital assets	$ 307,081	$ 119,536	$ 38,968	$ 6,447	$ 472,032
Gross capital expenditures [(1)]	$ 48,904	$ 33,904	$ 3,511	$ —	$ 86,319
Gross rental asset expenditures	$ 106,160	$ 17,365	$ 23,062	$ —	$ 146,587

[(1)] includes capital leases