FINNING INTERNATIONAL INC.

2008

MANAGEMENT PROXY CIRCULAR

NOTICE OF 2008 ANNUAL MEETING

TABLE OF CONTENTS

March 28, 2008

TO OUR SHAREHOLDERS

On behalf of Finning International's Board of Directors and employees, we are pleased to invite you to attend the Finning Annual Meeting of Shareholders on Tuesday May 6, 2008, to be held in the Park Ballroom of the Four Seasons Hotel in Vancouver, British Columbia at 11:00 a.m. Pacific time.

2007 was another very successful year for Finning. Revenue increased 17% over last year to a record $5.7 billion, and diluted earnings per share from continuing operations rose 23% over 2006 after adjusting for non-operating items. Finning's order backlog remained strong at approximately $1.7 billion at December 31, 2007. Given our strong financial performance, Finning's Board of Directors increased the quarterly dividend twice in 2007 to $0.10 per share.

The business to be considered at our Annual Meeting is described in the accompanying Notice of Annual Meeting and Management Proxy Circular. We encourage you to participate in this process by voting your shares and, if possible, by attending the Annual Meeting. Whether you choose to vote by proxy or in person, we appreciate your participation in this important meeting.

Sincerely,

Conrad A. Pinette	Douglas W.G. Whitehead
Chairman of the Board	President and Chief Executive Officer

NOTICE OF ANNUAL MEETING

An annual meeting of the shareholders of FINNING INTERNATIONAL INC. (the "Corporation") will be held in the Park Ballroom of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, British Columbia at 11:00 a.m. Pacific Time on Tuesday, May 6, 2008 for the following purposes:

1. to appoint auditors and to empower the directors to determine the auditors' remuneration;
2. to elect directors; and
3. to consider and, if thought fit, to pass an ordinary resolution extending the Corporation's Amended and Restated Shareholder Rights Plan for three years. The full text of the resolution to approve such extension is set out in Schedule A to the management proxy circular accompanying this notice.

These shareholder materials are being sent to both registered and non-registered owners of securities.

If you are a *registered shareholder* of the Corporation and are unable to attend the meeting in person, please date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 not less than 48 hours, excluding Saturdays and holidays, prior to the meeting or any adjournment thereof.

Many shareholders of the Corporation are *non-registered shareholders*. These shareholders fall into two categories: (a) non-objecting beneficial owners (or "NOBOs") who do not object to their name and address being given to the Corporation; and (b) objecting beneficial owners (or "OBOs") who do object to their name and address being given to the Corporation.

If you are a NOBO, the Corporation's agent (Computershare Investor Services Inc.) has sent the enclosed materials directly to you and has obtained your name, address and information about your holdings of securities in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf. By choosing to send these materials directly to you, the Corporation (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the enclosed voting instruction form provided by Computershare Investor Services Inc.

If you are an OBO and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary.

DATED the 28th day of March, 2008.

BY ORDER OF THE BOARD

Andre J. Beaulieu
General Counsel and Corporate Secretary

SECTION 1 – VOTING

PROXY SOLICITATIONS

The form of proxy accompanying this circular is being solicited on behalf of the management of FINNING INTERNATIONAL INC. (the "Corporation"). Management's solicitation of proxies will primarily be by mail, but some proxies may be solicited personally or by telephone by regular employees of the Corporation at a nominal cost. In addition, some proxies may be solicited by investment dealers, but no such arrangements have been made. All solicitation costs will be borne by the Corporation.

APPOINTMENT OF PROXYHOLDER

A shareholder or, subject to applicable laws, an intermediary who holds shares on behalf of a non-registered shareholder ("intermediary") may, by properly marking, executing and depositing the accompanying form of proxy, appoint as proxyholder the persons named in the accompanying form of proxy, or some other person, who need not be a shareholder. The proxyholder may attend and act for the shareholder or intermediary at the meeting and any adjournment thereof.

EXECUTION AND DEPOSIT OF PROXY

If a shareholder or intermediary is an individual, the form of proxy must be executed by the shareholder or intermediary or a duly authorized attorney of the shareholder or intermediary. If a shareholder or intermediary is a corporation, the form of proxy must be executed in the presence of a duly authorized attorney or officer of the corporation. Where a form of proxy is executed by an attorney or officer of a corporation, the authorizing documents (or notarized copies thereof) should accompany the form of proxy. Executed forms of proxy must be deposited with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 not less than 48 hours, excluding Saturdays and holidays, before the meeting or any adjournment thereof.

VOTING BY PROXY

Shares represented by a proxy will be voted or withheld from voting, as the case may be, on any ballot that may be called for. A shareholder or intermediary may direct the manner in which the shares represented by the proxy are to be voted by marking the form of proxy accordingly. Where a choice is specified, the shares represented by the proxy will be voted or withheld from voting in accordance with the choice specified. Where no choice is specified in the proxy with respect to a matter identified therein, the shares represented will be voted in favour of any ballot that may be called for on that matter. The accompanying form of proxy confers discretionary authority upon the proxyholder in respect of amendments to the matters identified in the accompanying notice of annual meeting, and in respect of any other matters that may properly come before the meeting.

REVOCATION OF PROXY

Pursuant to subsection 148(4) of the *Canada Business Corporations Act*, a shareholder or intermediary may revoke a proxy by depositing a written instrument, executed in the same manner as a proxy, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof, or by depositing the instrument with the Chairman of the meeting on the day of the meeting or any adjournment thereof. A proxy may also be revoked in any other manner permitted by law.

CONFIDENTIALITY OF VOTING

Proxies are counted and tabulated by Computershare Investor Services Inc., the transfer agent of the Corporation, in such a manner as to preserve the confidentiality of individual shareholder votes, except where: (a) the shareholder has made a written comment on the form of proxy or otherwise clearly intends to communicate his or her position to management of the Corporation; or (b) disclosure is required under applicable law or in the event of a proxy contest.

SHAREHOLDER PROPOSALS

Shareholders who wish to submit proposals for consideration at the 2009 annual meeting of shareholders must deliver their proposals to the Corporation by no later than December 22, 2008. All shareholder proposals must comply with the applicable requirements of the *Canada Business Corporations Act* and shareholders who wish to make such proposals are urged to seek legal advice to ensure their proposal complies with these requirements in full.

VOTING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without par value, of which 172,623,385 are currently issued and outstanding, reflecting a 2 for 1 share split which occurred in May 2007. The Board of Directors has fixed the close of business on March 28, 2008 as the record date for the purpose of determining which shareholders are entitled to receive notice of the meeting. Failure to receive such notice does not necessarily deprive a shareholder of the right to vote at the meeting, if the shareholder otherwise complies with the provisions of the By-laws of the Corporation and the *Canada Business Corporations Act* with respect to voting. Each Common Share is entitled to one vote. To the knowledge of management of the Corporation, there is no person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10 percent of the issued Common Shares of the Corporation.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed in this management proxy circular, no director, officer, proposed management nominee, or associate or affiliate of any of the foregoing persons has any material interest in any transaction since the beginning of the Corporation's last completed financial year or in any proposed transaction that has materially affected or will materially affect the Corporation or any of its affiliates.

SECTION II – BUSINESS OF THE MEETING

APPOINTMENT OF AUDITORS

The Board of Directors recommends the re-appointment of Deloitte & Touche LLP as auditors of the Corporation to hold office until the next annual meeting at a remuneration to be determined by the directors.

ELECTION OF DIRECTORS

Pursuant to the By-laws of the Corporation, the Board of Directors has determined that 10 directors will be elected at the meeting. The term of office for all current directors will end on the day of the meeting and management is nominating the 10 individuals described under the heading "Proposed Management Nominees for Election as Directors" which follows. Each director elected at the meeting will hold office until his or her successor is elected at the next annual meeting, unless he or she resigns or is otherwise removed from office earlier.

PROPOSED MANAGEMENT NOMINEES FOR ELECTION AS DIRECTORS

All proposed management nominees are currently directors of the Corporation, except Michael Waites, who has been appointed by the Board as President and Chief Executive Officer of the Corporation effective May 6, 2008. All proposed management nominees are ordinarily resident in Canada except Andrew H. Simon, who is ordinarily resident in the United Kingdom, and Ricardo Bacarreza and Bruce L. Turner, who are ordinarily resident in Chile.

All proposed nominees have been asked and have agreed to comply with the Corporation's Majority Voting Policy, details of which are attached to this circular as Schedule "D."

Donald S. O'Sullivan is retiring from the Board of Directors and he will not be standing for re-election to the Board at the Annual Meeting.

Information regarding each of the proposed nominees, as at February 29, 2008, is set out below.

RICARDO BACARREZA – SANTIAGO, CHILE

Mr. Bacarreza, 62, is currently the President of Proinvest S.A., a financial services company based in Santiago, Chile. In his career, Mr. Bacarreza has been an Economist at the World Bank (Washington, D.C.), a Vice President of Banco Unido De Fomento (Chile) and Chief Executive Officer of Banco Del Trabajo (Chile), La Chilena Consolidada Insurance Company (Chile), Banco Sudamericano (Chile) and Banco BHIF (Chile). Mr. Bacarreza has been on the Board of Directors of a number of companies and has served as director and Chairman of the Chilean Management Institute. He holds a Civil Engineering degree from Catholic University of Chile and an M.A., M.Sc. and Ph.D. from Stanford University.

FINNING BOARD INFORMATION:

- Director since 1999.
- Member of the Audit Committee and Environment, Health and Safety Committee.
- Ownership of securities:
  - Common Shares: 12,000
  - DSUs: 27,617
  - Stock Options: 26,000

JAMES E.C. CARTER – EDMONTON, ALBERTA, CANADA

Mr. Carter, 58, recently retired from Syncrude Canada Ltd. after more than twenty-seven years, including 10 years as President and 18 years as operations chief. He currently serves on the Boards of EPCOR Utilities Inc., the Alberta Research Council and CAREERS: The Next Generation. He is a former director and chair of the Mining Association of Canada where he championed development of the *Toward Sustainable Mining* initiative, which is designed to help improve the mining industry's environmental and social performance. Mr. Carter was also a member, director, and executive member of the Alberta Chamber of Resources. Mr. Carter holds a Bachelor of Engineering Degree in Mining Engineering (1973), Technical University of Nova Scotia (now Dalhousie Engineering), and is a graduate of the Advanced Management Program at Harvard Graduate School of Business Administration.

FINNING BOARD INFORMATION:

- Director since 2007.
- Member of the Audit Committee and Environment, Health and Safety Committee.
- Ownership of securities:
  - Common Shares: 10,000
  - DSUs: 1,260

KATHLEEN M. O'NEILL –TORONTO, ONTARIO, CANADA

Ms. O'Neill, 54, is a Corporate Director. Prior to 2005 she was an Executive Vice-President at BMO Financial Group where her most recent position was Executive Vice-President, Personal & Commercial Development and Head of Small Business Banking. Prior to joining BMO Financial Group in 1994, Ms. O'Neill was with PricewaterhouseCoopers LLP for 19 years including eight years as a tax partner. Ms. O'Neill currently serves on the board of directors of the TSX Group Inc., MDS Inc. and Canadian Tire Bank, a subsidiary of Canadian Tire Corporation. Ms O'Neill is Chair of St. Joseph's Health Centre Foundation and a past Chair of St. Joseph's Health Centre in Toronto, and is active on several non-profit boards. In 2005, she was accredited through the Institute of Corporate Directors / Rotman School of Management Directors Education Program. She holds a Bachelor of Commerce Degree (with Honours) from the University of Toronto and is a Fellow of the Institute of Chartered Accountants of Ontario.

FINNING BOARD INFORMATION:

- Director since 2007.
- Member of, and the designated "financial expert" for, the Audit Committee and a member of the Human Resources Committee.
- Ownership of securities:
  - Common Shares: 5,500
  - DSUs: 1,179

CONRAD A. PINETTE – VANCOUVER, BRITISH COLUMBIA, CANADA

Mr. Pinette, 68, is a Corporate Director. From January 2005 to December 2005 he was Executive Vice President, Tolko Industries Ltd., from April 2004 to December 2004 he was Executive Vice President, Riverside Forest Products Limited, and from January 1990 to April 2004 he was President and Chief Operating Officer of Lignum Limited. Mr. Pinette has been a director of a number of private and public forest products and mining companies during his business career. He is currently active in charitable organizations and is a director of public companies and family corporations. He is an active participant in fundraising for the Cariboo Foundation based in Williams Lake and United Way of the Lower Mainland. Currently he is a director of four public companies – director and Chairman of the Board of Finning International Inc., director of A&W Revenue Royalties Income Fund, director of TimberWest Forest Corporation and director of Northgate Minerals Corporation.

FINNING BOARD INFORMATION:

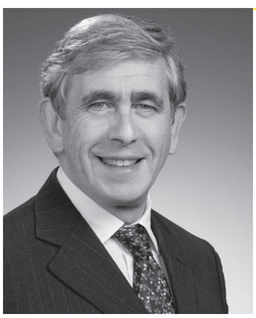
- Director since 1992.
- Chairman of the Board of Directors and member of the Corporate Governance Committee and Chief Executive Officer Search Committee.
- Ownership of securities:
  - Common Shares: 102,032
  - DSUs: 106,366
  - Stock Options: 76,000

JOHN M. REID – VANCOUVER, BRITISH COLUMBIA, CANADA

Mr. Reid, 60, is a Corporate Director. From November 1997 to November 2005 he was President and Chief Executive Officer of Terasen Inc. (formerly BC Gas Inc.). Mr. Reid joined Terasen Inc. in May 1995 as Executive Vice President, Finance and Chief Financial Officer. Formerly, Mr. Reid worked with Scott Paper Limited for 15 years in a number of senior financial positions and as President and Chief Executive Officer. Mr. Reid currently serves on the board of Methanex Corporation. Over the years, he has served on many boards including MacDonald Dettwiler & Associates Ltd., the University of British Columbia, Lester B. Pearson College, St. Paul's Hospital Foundation, Vancouver Board of Trade, Junior Achievement of British Columbia and the Financial Executives Institute. Mr. Reid is a Fellow of the British Columbia and England and Wales Institutes of Chartered Accountants.

FINNING BOARD INFORMATION:

- Director since 2006.
- Member of the Audit Committee, the Environment, Health & Safety Committee and the Chief Executive Officer Search Committee.
- Ownership of securities:
  - Common Shares: 20,000
  - DSUs: 6,812



ANDREW H. SIMON, OBE – LONDON, ENGLAND

Mr. Simon, 62, is a Corporate Director who serves on the Boards of Directors of a number of companies including SGL Supervisory Board, Dalkia Plc, Travis Perkins Plc, Management Consulting Group Plc. For most of his career, Mr. Simon worked for the Evode Group, an international specialty chemicals and materials company. At Evode, he held various positions including Managing Director and Chairman and Chief Executive Officer. Mr. Simon holds a Bachelor of Science degree from Southampton University and an MBA from the Wharton School of Finance.

FINNING BOARD INFORMATION:

- Director since 1999.
- Chair of the Audit Committee and member of the Corporate Governance Committee.
- Ownership of securities:
  - Common Shares: 14,000
  - DSUs: 29,445
  - Stock Options: 28,000

BRUCE L. TURNER – SANTIAGO, CHILE

Mr. Turner, 58, is the President of Turner Minerals S.A. He is Canadian, a resident of Chile and formally President of Minera Escondida Ltda., the company that operates the Escondida copper mine in northern Chile. In 1996, he established the Escondida Foundation to promote sustainable development through a focus on educational and health initiatives in the local community and in 1997 he founded the Escondida Technical Centre which introduced the concept of apprenticeship trades training into Chile. During the majority of his 34 year mining career Mr. Turner was employed in progressively more senior roles by BHP Billiton Limited. Mr. Turner holds a Bachelor of Applied Science degree in Mining Engineering (1974) from the University of British Columbia and a Doctor of Technology (Honorary Degree) from the British Columbia Institute of Technology. He has also completed the Advanced Management Course at Harvard Graduate School of Business Administration.

FINNING BOARD INFORMATION:

- Director since 2006.
- Mr. Turner is Chair of the Environment, Health and Safety Committee and a member of the Human Resources Committee.
- Ownership of securities:
  - Common Shares: 8,800
  - DSUs: 2,952

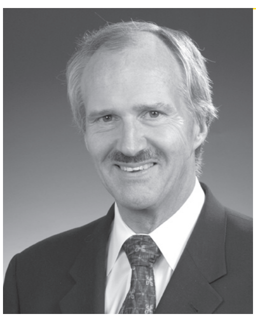
MICHAEL T. WAITES – VANCOUVER, BRITISH COLUMBIA, CANADA

Mr. Waites, 54, is currently the Chief Financial Officer and Executive Vice President of the Corporation. He was recently appointed by the Board of Directors to hold the position of President and Chief Executive Officer when Mr. Whitehead retires from that position on May 6, 2008. Prior to joining the Corporation in 2006, Mr. Waites was Executive President and Chief Financial Officer at Canadian Pacific Railway since July 2000, and also Chief Executive Officer U.S. Network of Canadian Pacific Railway from March 2003. Previously, he was Vice President and Chief Financial Officer at Chevron Canada Resources. He also served as a member of the Board of Directors of Finning International Inc. for three years prior to his appointment as Executive Vice President and Chief Financial Officer. Mr. Waites holds a B.A. (Hons.) in Economics from the University of Calgary, an MBA from Saint Mary's College of California, and a Masters of Arts, Graduate Studies in Economics, from the University of Calgary. He has also completed the Executive Program at The University of Michigan Business School.

FINNING BOARD INFORMATION:

Director since: Proposed Nominee

- Ownership of Securities:
  - Common Shares: 23,970
  - DSUs: 10,442
  - Stock Options: 514,600



DOUGLAS W.G. WHITEHEAD –- NORTH VANCOUVER, BRITISH COLUMBIA, CANADA

Mr. Whitehead, 61, has been the President and Chief Executive Officer of the Corporation since 2000. He is retiring from the Corporation on May 6, 2008, but is standing for re-election to the Board of Directors of the Corporation. Prior to joining the Corporation, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. In addition to his position with the Corporation, Mr. Whitehead is a director of Ballard Power Systems Inc., Inmet Mining Corporation, International Forest Products Ltd., Belkorp Industries and the Conference Board of Canada. He is a member of the Canadian Council of Chief Executives. Mr. Whitehead holds a Bachelor of Applied Sciences (Civil Engineering) from the University of British Columbia and an MBA from the University of Western Ontario.

FINNING BOARD INFORMATION:

- Director since 1999.
- Member of the Environment, Health and Safety Committee.
- Ownership of securities:
  - Common Shares: 150,540
  - DSUs: 435,627
  - Stock Options: 567,200

JOHN M. WILLSON – VANCOUVER, BRITISH COLUMBIA, CANADA

Mr. Willson, 68, is a Corporate Director who serves on the Boards of Directors of Nexen Inc., Pan American Silver Corporation and Harry Winston Diamond Corporation. Mr. Willson is also a Director of Transparency International Canada, Garaventa (Canada) Ltd. and a Director of the YMCA of Greater Vancouver. Mr. Willson holds a B.Sc.(Hons) degree in Mining Engineering from the Royal School of Mines, London University, and an M.Sc. in Mining Engineering from the same institution. In his career, Mr. Willson served as President and Chief Executive Officer of Placer Dome Inc., President and Chief Executive Officer of Pegasus Gold Inc. and President and Chief Executive Officer of Western Canada Steel Ltd. He has also held various operational positions in the mining industry worldwide.

FINNING BOARD INFORMATION:

- Director since 2000.
- Chair of the Human Resources Committee and member of the Corporate Governance Committee and Chief Executive Officer Search Committee.
- Ownership of securities:
  - Common Shares: 14,000
  - DSUs: 28,160
  - Stock Options: 12,000

EXTENSION OF SHAREHOLDER RIGHTS PLAN

On September 13, 1989, the Board of Directors of the Corporation adopted a shareholder rights plan (the "Rights Plan"). The Rights Plan has subsequently been amended several times and extended by the shareholders of the Corporation at annual meetings in 1995, 1999, 2002 and 2005. The Rights Plan provides that it will terminate at the end of the annual meeting to be held on May 6, 2008 unless it is extended by a majority of votes cast at the meeting.

Shareholders will be asked to consider, and if thought fit, pass an ordinary resolution extending the Rights Plan for three years such that it will automatically terminate at the end of the Corporation's annual meeting in 2011 unless further extended by the shareholders prior to that time.

Summary of Key Terms of Rights Plan

The following is a summary of the key terms of the Rights Plan. A copy of the current Rights Plan is available through the internet at www.sedar.com. A copy of the draft amended and restated Rights Plan may be obtained from the Corporate Secretary of the Corporation.

Trading of Rights

Until the Separation Time (as defined below), or earlier termination or expiration of the rights, the rights are evidenced by and transferred with the associated Common Shares and the surrender for transfer of any certificate representing Common Shares will also constitute the surrender for transfer of the rights associated with those Common Shares. The rights are not exercisable until the Separation Time. After the Separation Time, the rights will become exercisable and begin to trade separately from the associated Common Shares. Until a right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Corporation.

Separation Time

The rights will separate and trade separately from the Common Shares from and after the Separation Time. "Separation Time" means the close of business on the tenth Trading Day (as defined in the Rights Plan) after the earlier of:

(a) the first date (the "stock acquisition date") of public announcement by the Corporation or an Acquiring Person, of facts indicating that a person has become an Acquiring Person;
(b) the date of the commencement of, or first public announcement of the intent of a person (other than the Corporation or a subsidiary of the Corporation) to commence, a Take-over Bid (as defined in the Rights Plan) other than a Permitted Bid, Competing Permitted Bid or a Permitted Lock-up Agreement; or
(c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such,

or on such later date as the Board of Directors shall determine, provided that, if any Take-over Bid expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such offer shall be deemed never to have been made.

When Rights Become Exercisable

Following a transaction which results in a person becoming an Acquiring Person (a "Flip-in Event"), the rights entitle the holders thereof to receive upon exercise, Common Shares with a market value equal to twice the then Exercise Price of the rights. In such event, however, the rights beneficially owned by an Acquiring Person (including affiliates, associates and joint actors), or the transferee of any such person, will be void. A Flip-in Event does not include acquisitions approved by the Board or acquisitions pursuant to a Permitted Bid, a Competing Permitted Bid or a Permitted Lock-up Agreement.

Permitted Bids

The Rights Plan employs a "Permitted Bid" concept whereby a take-over bid will not trigger the rights if it meets certain conditions. A "permitted bid" is defined as an offer to acquire Common Shares for cash or securities made by means of a take-over bid circular where the Common Shares subject to the offer, together with shares beneficially owned by the offeror at the date of the offer (including its affiliates, associates and joint actors), constitute 20% or more of the outstanding Voting Shares and also that complies with the following additional provisions:

(a) it is made to all holders of Voting Shares of the Corporation (other than the offeror);
(b) it contains a condition that shares may be deposited pursuant to the take-over bid, and any shares deposited pursuant to the take-over bid may be withdrawn, and no shares can be taken up and paid for before the close of business on a date not less than 60 days following the date the take-over bid circular is made to all shareholders; and
(c) it contains a condition that more than 50% of the Voting Shares held by shareholders independent of the offeror must be tendered and not withdrawn, and if that condition is met, there will be a public announcement and the take-over bid will remain open for a further period of ten business days.

A competing permitted bid is required to remain open for the greater of: (a) the statutory minimum deposit period of 35 days after the competing permitted bid is made; and (b) the 60th day after the date on which the initial permitted bid was made.

Permitted Lock-up Agreement

The Rights Plan also provides that the Rights Plan will not be triggered by a Permitted Lock-up Agreement. The term "Permitted Lock-up Agreement" is defined to mean an agreement which is publicly available pursuant to which certain shareholders agree to deposit shares to a take-over bid (the "Lock-up Bid"). In addition, the lock-up agreement must:

(a) permit a shareholder to terminate the agreement in the event a superior bid is made or other superior transaction is proposed; and

(b) provide for "break fees" or similar fees in an amount which do not exceed the greater of:
   A. 2.5% of the consideration payable to locked shareholders under the Lock-up Bid, and
   B. one-half of the difference between the consideration payable to locked shareholders under the Lock-up Bid and the consideration payable to locked shareholders under the superior bid or other transaction,

in order to be a "Permitted Lock-up Agreement." The lock-up agreement may specify that the termination rights in the event of a superior bid or transaction do not become effective unless the consideration offered under the superior bid or transaction exceeds the consideration payable under the Lock-up Bid by more than a specified percentage, provided that this specified percentage does not exceed 7%.

Protection Against Dilution

The Exercise Price, the number and nature of securities that may be purchased upon exercise of rights and the number of rights outstanding, are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, pro rata distributions to holders of Common Shares or other circumstances where adjustments are required to appropriately reflect the interest of the holders of rights.

Redemption and Waiver

At any time prior to the occurrence of a Flip-in Event, the Board may (provided it has received the prior consent of shareholders by a majority vote) redeem all, but not less than all, of the then outstanding rights at a redemption price of $0.001 per right, subject to adjustment. The Board of Directors may waive the application of the Rights Plan to any Flip-in Event if it determines that a person became an Acquiring Person by inadvertence, conditional upon such person having, within ten days after the determination by the Board of Directors, reduced its beneficial ownership of shares such that it is no longer an Acquiring Person. The Board of Directors may also, until a Flip-in Event has occurred, waive the application of the Rights Plan to any particular Flip-in Event which occurs as a result of a takeover bid circular sent to all shareholders but in that event, the Board of Directors must waive the application of the Rights Plan to any Flip-in Event occurring as a result of a takeover bid which has occurred previously to the initial waiver (and remains outstanding at the time of the initial waiver) or that occurs within 75 days after the initial waiver.

Amendments

The Board of Directors may amend the Rights Plan to correct clerical or typographical errors or to maintain the validity of the Rights Plan in light of legislative changes. Other amendments can only be made with the approval of the shareholders of the Corporation or, after the Separation Time, the holders of the rights. Any supplements or amendments to the Rights Plan require the prior approval of the Toronto Stock Exchange.

Term

If the Rights Plan is extended at the annual meeting of shareholders on May 6, 2008, it will terminate at the termination of the annual meeting of shareholders to be held in 2011. If it is not extended, it will terminate at the end of the meeting on May 6, 2008.

Canadian Income Tax Consequences

The Corporation did not receive any income as a result of the issuance of the Rights for Canadian federal income tax purposes. Generally, the value of a right, if any, to acquire additional shares of a company is not a taxable benefit includable in income under the *Income Tax Act* (Canada) (the "Act") and is not subject to non-resident withholding tax under the Act if the right is conferred on all shareholders. While the Rights are conferred on all shareholders, the Rights may become void in the hands of certain shareholders upon the occurrence of certain triggering events. Whether the issuance of the Rights is a taxable event is not therefore free of doubt, but no tax arises if the Rights do not have a monetary value at the date of issue. The Corporation considers the Rights to have had a negligible monetary value at their date of issue and to continue to have a negligible monetary value. If the value of the Rights is negligible, the issue of the Rights will not give rise to a taxable benefit or capital gain and will not be subject to non-resident withholding tax. If the Rights come to have a monetary value, their disposition, other than by way of exercise, will give rise to a capital gain equal to the full amount of the proceeds received by shareholders who held the Rights as capital property. The foregoing does not address the Canadian income tax consequences of other events such as the separation of the voting Rights from the Common Shares, the occurrence of a Flip-in Event or the redemption of Rights.

The full text of the proposed resolution extending the Rights Plan for three more years is set out in Schedule A to this Management Proxy Circular.

SECTION III – COMPENSATION

HUMAN RESOURCES COMMITTEE

Composition of the Committee

The Human Resources Committee is composed of four independent directors. The current members of the Committee are: J.M. Willson (Chair), K. M. O'Neill, D.S. O'Sullivan and B.L. Turner. The Chair of the Committee has considerable knowledge of compensation programs from his experience as a Chief Executive Officer and member of other public company Compensation Committees. In 2007, the Committee met three times in person and once by telephone. The Committee has prepared the following report to shareholders on the Corporation's current executive compensation plan.

REPORT ON EXECUTIVE COMPENSATION

One of the key mandates of the Human Resources Committee is to establish a market competitive total compensation program for the executive officers and other key employees. In all its deliberations the Committee takes into account the cost of the Corporation's executive compensation program, the interests of shareholders and good governance guidelines on executive compensation.

The objectives of Finning's executive compensation program are to:

- enable the Corporation to attract individuals who have the leadership and management skills to drive the future growth and success of the Corporation;
- retain the services of valued members of the Corporation's executive team;
- motivate executives to achieve excellence within their respective areas of responsibility;
- reward individuals for their contributions to the Corporation's success and encourage a strong link between an individual's compensation and the interests of the Corporation and its shareholders; and
- create and maintain the ability to recognize, differentiate and reward individual performance.

The Committee reviews comparative market data provided by Hay Group, an independent consultant engaged by management, every three years to provide a comprehensive executive compensation review. Fees paid by the Corporation for compensation consulting and other related services by the Hay Group during 2007 were $125,000. In interim years, the Hay Group provides high level updates on compensation trends for the Committee to consider in making their decisions on executive pay. In conducting the executive compensation review, a peer group of companies is used that reflects the size and complexity of the Corporation. The most recent peer group represented 24 companies of comparable size (in terms of revenue and employees), similar industries (e.g., heavy equipment, mining, construction, and forestry), and with global operations. For internationally based executives, select peer groups are used to reflect the marketplace specific to those executives.

Furthermore, from time to time the Committee has retained Hewitt Associates as its independent consultant for an additional review of the Corporation's executive compensation practices.

In assessing executive performance, the Committee considers such items as leadership ability, community involvement, health and safety and management of new projects such as geographic or product expansion. In addition to market comparisons and individual executive performance, the Committee, in arriving at its recommendations for executive compensation, considers both with management and *in camera*, the long range interests of the Corporation, its shareholders and executive officers, and overall financial measures such as share price, return on invested capital, earnings per Common Share and return on common shareholders' equity.

The Committee makes recommendations to the full Board of Directors with respect to executive and key employee continuity and any changes to the Corporation's executive compensation program which the Committee considers to be necessary from time to time. In arriving at its recommendations for executive compensation, including salary increases and short and long-term incentive awards, the Committee considers external market competitiveness and individual performance.

Total Compensation Components and Market Position (Guidelines)

The total compensation program for executive officers is comprised of five components: base salary, a cash short-term incentive program, long-term incentives, benefits and pension, and perquisites.

As a general guide in fixing the level for each of the five components of compensation, the Corporation compares its compensation structure with that of its peer group. The table below sets out the approximate positioning of the Corporation's compensation structure amongst its peer group and shows how the Corporation generally varies this positioning based on the Corporation's financial performance.

COMPENSATION COMPONENT	CORPORATION'S PERFORMANCE (% RETURN ON EQUITY)		
	<10%	**10%-15%**	**>15%**
Base Salary	50th percentile	50th percentile	50th percentile
Short-Term Incentives	Less than 50th percentile	50th - 60th percentile	75th percentile +
Long-Term Incentives	Less than 50th percentile	50th percentile	50th - 75th percentile +
Benefits & Pension	50th percentile	50th percentile	50th percentile
Perquisites	50th percentile	50th percentile	50th percentile
OVERALL	Less than 50th percentile	50th - 60th percentile	Close to 75th percentile

Base Salaries

As a general rule for establishing the base salary, the Committee reviews competitive market data for each of the executive positions and determines placement at approximately the market median. Base salaries may vary above or below median depending on individual circumstances and external market competitiveness. It should be noted that variations from the above occur to meet market demand and prevailing compensation practices.

Short-Term Incentives

It is intended that a substantial portion of the executive's compensation be "at risk" and the second component of the compensation plan, the annual short-term incentive award, contributes to this goal. Incentive award plans include a mix of financial, individual and safety performance targets. Incentive bonuses are only paid when performance achieves certain minimum thresholds and increase as actual results exceed those thresholds. The target short-term incentive goal is 45% (maximum 90%) of salary for the executive group and 60% (maximum 120%) for the Chief Executive Officer.

Long-Term Incentives

The third element of total compensation is also "at risk" and this is the long-term incentive plan, presently comprised of stock options and deferred share units ("DSUs"). This long-term incentive plan is intended to emphasize management's commitment to growing the Corporation and enhancing shareholder wealth.

In 2006 and 2007, the Corporation issued stock options exclusively for long-term incentive purposes. The Corporation currently expects that long-term incentive grants to senior executives in the future will continue to favour stock options over DSUs.

Stock options are granted annually and are generally reflective of the level of management responsibility and external market competitiveness. One-third of the stock options vest each year beginning on the first anniversary of the grant date. Stock options granted since 2004 have a 7 year term.

From 2002 through 2005, all or a portion of the long-term incentive grants consisted of DSUs, with vesting based on pre-defined share price performance targets.

DSUs track the value of the Corporation's Common Shares, but do not entitle the holder to receive Common Shares from treasury. The DSUs granted since 2002 vested on the achievement of pre-defined share price performance targets. As at December 31, 2006, all vesting criteria was achieved and all outstanding DSUs granted to executives had vested and these vested DSUs are subject to mark-to-market accounting until termination of employment.

Vested DSUs accrue notional dividends that are allocated in the form of additional DSUs based upon the fair market value of Common Shares on the dividend payment date. Vested DSUs can only be converted into a cash payment or shares upon termination of employment or retirement from the Corporation. DSUs accordingly focus attention on sustained shareholder return.

In December 2007, Finning entered into a Variable Rate Share Forward with a financial institution to significantly offset the economic impact of the mark-to-market accounting of the vested DSUs. This transaction has an initial price of $28.71 per share.

Benefits and Pension

(i) Benefits

The benefits provided to the executives are generally consistent with those provided to the broad employee base and do not represent a significant portion of overall compensation for senior executives. Every three years a detailed review of benefits is conducted. Based on the last review conducted in early 2008, the Committee believes that the benefits provided by the Corporation to the executives are market competitive relative to peer group companies.

(ii) Pension

The Corporation's pension plan is discussed in detail later in this management proxy circular.

Perquisites

The values of perquisites provided to certain senior executives are included in the Summary Compensation Table. Every three years a detailed review of perquisites is conducted and the Committee believes they are market competitive relative to peer group companies.

Chief Executive Officer Compensation

The Chief Executive Officer's compensation package is established after an independent review of compensation practices within a group of peer companies chosen upon the recommendation of external independent compensation consultants. The peer group includes prominent Canadian industrial companies chosen for similarities to the Corporation in terms of size and complexity, as described previously. This market data set is also used to develop compensation recommendations for other members of the Corporation's executive team.

Salary

The salary of the Chief Executive Officer is determined by an analysis of the Chief Executive Officer's position versus the market data for Chief Executive Officers of the companies in the Corporation's peer group, and with consideration for the Chief Executive Officer's performance. The Board conducts the assessment of the Chief Executive Officer's overall performance, taking into account his absolute performance, relative to objectives agreed to at the beginning of each year, and his success in delivering value to shareholders. Within this framework, the Board's decision may therefore result in a salary above or below the market median, which is the level normally targeted by the Board. Actual salary paid to the Chief Executive Officer in 2007 positioned him at the 66th percentile of the Corporation's peer group.

Annual Incentive Award

The Chief Executive Officer has a target award of 60% of salary, with a short-term incentive opportunity ranging from 0% to 120% of salary. The performance measures used to determine the short-term incentive award, the weighting at a target and maximum performance level attached to each measure, and the 2007 Incentive Award are set out in the table below:

	Weighting for each performance metric				
	Target (% of salary)	Maximum (% of salary)	2007 Target	2007 Results	2007 Incentive Award (% of salary)
Earnings per Share (EPS)(1)	22.5%	45%	$1.41	$1.59	45%
Return on Equity (ROE)(1)	20%	40%	15%	17%	28%
Workplace Safety(2)	7.5%	15%	0.80	0.52	10%
Personal Objectives(3)	10%	20%	—(3)	—(3)	20%
TOTAL	60%	120%			103%

(1) Adjusted for items not reflecting ongoing operations and non-budgeted expenses relating to mark to market adjustments of long-term incentive plans.
(2) Frequency of lost-time injuries per 200,000 hours of work (lower frequencies reflect better performance).
(3) Consists of key strategic and operational objectives approved at the beginning of the fiscal year.

For 2007, the Chief Executive Officer received a bonus award of approximately 103% of salary, commensurate with the levels of performance on the criteria outlined in the preceding table.

Long-Term Incentives

In 2007, the Chief Executive Officer was granted stock options with a theoretical value equivalent to 2.3 times his annual salary. The vesting conditions are identical to those applicable to the rest of the executive group, as described above. The sum of salary, actual short-term incentive and long-term incentive awards placed the Chief Executive Officer in the 58th percentile among peer group companies in 2007.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the total compensation during the three most recently completed financial years of the Corporation for the Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers ("Named Executive Officers").

		Annual Compensation			Long-Term Compensation		
					Awards		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen-sation(1) ($)	Securities Under Options(2) (#)	Restricted Shares/ Restricted Share Units(3)	All Other Compensation(4) ($)
Douglas W.G. Whitehead	2007	960,000	1,000,000	32,068	272,000	N/A	22,300
President and Chief Executive Officer	2006	900,000	900,000	24,767	240,000	N/A	29,704
	2005	840,000	285,432	N/A	121,800	52,200	30,546
Michael T. Waites(5)	2007	470,000	357,811	23,681	65,600	N/A	15,834
Executive Vice President and	2006	300,000	325,000	12,648	449,000(6)	N/A	32,471
Chief Financial Officer	2005	N/A	N/A	N/A	N/A	N/A	N/A
Ian M. Reid							
President, Finning (Canada)	2007	490,000	382,960	20,867	72,000	N/A	21,812
	2006	460,000	362,000	20,491	84,000	N/A	18,598
	2005	425,000	237,150	N/A	33,600	14,400	25,974
Stephen Mallett	2007	365,000	274,115	24,136	65,600	N/A	14,178
President, Power Systems	2006	350,000	239,000	25,238	66,000	N/A	11,215
	2005	350,000	112,000	N/A	33,600	14,400	50,290
Andrew S. Fraser(7)	2007	429,740	199,399	34,279	72,000	N/A	45,473
Managing Director, Finning Group, UK	2006	258,660	138,992	21,310	30,000	N/A	7,725
	2005	217,800	115,000	N/A	13,600	5,800	9,832

(1) For 2006 and 2007, includes all perquisites and personal benefits (car allowance, car benefits, tax return preparation, executive medical examinations, and life insurance). For 2005, except as specifically described, perquisites and other personal benefits do not exceed the lesser of $50,000 and 10% of the total annual salary and bonus for any of the Named Executive Officers.

(2) No stock appreciation rights ("SARs") are outstanding.

(3) This refers to the grant of deferred share units, or DSUs. There were no DSUs granted in 2007 or 2006. There were no DSU payouts to the above individuals in the period noted in the table.

(4) Includes the Corporation's contribution under the Corporation's Employee Share Purchase Plan. The Named Executive Officers of the Corporation participate in this plan on the same basis as all other employees of the Corporation. Under this plan, employees can contribute up to a specified percentage of their salary towards the market purchase of Common Shares of the Corporation by a trustee, with the Corporation contributing additional amounts equal to a specified percentage of such employee contributions, up to a specified limit. Also includes, as applicable, club dues and entrance fees, and rent subsidies for expatriates under the Corporation's International Assignment Policy.

(5) Mr. Waites joined the Corporation in May 2006 as Executive Vice President and Chief Financial Officer. His 2006 salary reflects 8 months of employment.

(6) Of the total number of stock options issued to Mr. Waites in 2006, 383,000 were granted to compensate him for incentive benefits he gave up in his previous employment in order to accept a position with the Corporation.

(7) 2007 amounts have been converted from Pounds Sterling based on average 2007 exchange rate (1 GBP= 2.1487 CAD). For 2006, two months have been converted from Pounds Sterling based on average 2006 exchange rate (1 GBP=2.0886 CAD) and 10 months were paid in Canadian dollars.

Total Compensation Table

The following table sets forth information concerning the total compensation during the most recently completed financial year of the Corporation for Named Executive Officers and, in the case of the Corporation's Chief Executive Officer, for the past three years.

Name	Year	Salary and Other[1] ($)	Bonus ($)	Long-Term Compensation[2] ($)	Pension Service Cost ($)	Total Compensation[3] ($)
Douglas W.G. Whitehead	2007	1,014,368	1,000,000	2,226,430	0	4,240,798
	2006	954,471	900,000	1,253,256	0	3,107,727
	2005	870,546	285,432	1,133,000	0	2,288,978
Michael T. Waites	2007	509,515	357,811	536,960	269,200	1,673,486
Ian M. Reid	2007	532,679	382,960	589,350	240,100	1,745,089
Stephen Mallett	2007	403,314	274,115	536,960	120,000	1,334,389
Andrew S. Fraser	2007	509,492[4]	199,399[4]	589,350	84,500	1,382,741

(1) Includes base salary and all perquisites and personal benefits (car allowance, car benefits, tax return preparation, executive medical examinations, and life insurance) as well as the Corporation's contribution under the Corporation's Employee Share Purchase Plan, club dues and entrance fees, and rent subsidies for expatriates under the Corporation's International Assignment Policy.
(2) Long-Term Compensation is calculated as the theoretical value at the time of grant of the Named Executive Officers' Securities Under Option and Restricted Shares/Restricted Share Units for that year. The only Long-Term Compensation awarded in 2006 and 2007 consisted of Stock Options. All share based LTI grants have been valued using the Binomial Valuation Model. For 2007, the present value of stock options was 25.9% of the exercise price; for 2006 it was 26.4%; for 2005 it was 28.7% and for 2005 DSUs it was 66.9%.
(3) Total Compensation as of December 31, 2007 is the sum of the Salary, Bonus, Long-Term Compensation, and Pension Service Cost paid or allocated for that year.
(4) Converted from Pounds Sterling based on average 2007 exchange rate (1 GBP= 2.1487 CAD).

Option Grants During The Most Recently Completed Financial Year

The following table sets forth information concerning the granting of options to the Named Executive Officers during the financial year ended December 31, 2007.

Name	Options Granted (#)	Percent of Total Options Granted to Employees in Financial Year (%)	Exercise Price ($)	Value of Options on Date of Grant ($)[1]	Expiration Date
Douglas W.G. Whitehead	272,000	15.8%	$ 31.665	Nil	May 16, 2014
Michael T. Waites	65,600	3.8%	$ 31.665	Nil	May 16, 2014
Ian M. Reid	72,000	4.2%	$ 31.665	Nil	May 16, 2014
Stephen Mallett	65,600	3.8%	$ 31.665	Nil	May 16, 2014
Andrew S. Fraser	72,000	4.2%	$ 31.665	Nil	May 16, 2014

(1) All options were issued at market price on the date of grant.

Aggregated Option Exercises During The Most Recently Completed Financial Year and Financial Year-End Option Values

The following table sets forth information concerning the exercise of options during the financial year ended December 31, 2007, and the value at December 31, 2007 of unexercised in-the-money options held by each of the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at Financial Year-End ($) Exercisable/ Unexercisable[1]
Douglas W.G. Whitehead	221,000	$ 3,742,305	108,100/472,600	$1,240,816/$1,930,664
Michael T. Waites	Nil	Nil	149,666/364,934	$1,333,524/$2,667,066
Ian M. Reid	Nil	Nil	165,000/139,200	$2,877,148/$638,288
Stephen Mallett	34,800	$ 603,640	44,400/120,800	$474,676/$531,368
Andrew S. Fraser	Nil	Nil	17,266/96,534	$183,672/$234,603

(1) The Value of Unexercised in-the-Money Options at Financial Year-End was calculated using a Common Share value of $28.66 which was the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on the last trading day of the financial year.

Value of Vested DSUs and Common Shares At the End of The Most Recently Completed Financial Year

The following table sets out the value, as at December 31, 2007, of all Vested DSUs and Common Shares held by each of the Named Executive Officers as of that date.

Name	Number of Vested DSUs	Value of Vested DSUs[1] ($)	Number of Common Shares	Value of Common Shares[1] ($)
Douglas W.G. Whitehead	435,627	$ 12,485,070	150,540	$ 4,314,476
Michael T. Waites	10,442	$ 299,268	23,970	$ 686,980
Ian M. Reid	118,459	$ 3,395,035	26,906	$ 771,126
Stephen Mallett	115,375	$ 3,306,647	29,928	$ 857,736
Andrew S. Fraser	46,684	$ 1,337,963	2,148	$ 61,561

(1) The Value of Vested DSUs and Common Shares as of December 31, 2007 was calculated based on the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on the last trading day of the financial year which was $28.66.

Value of All Equity Holdings At the End of The Most Recently Completed Financial Year

The following table sets out the value as of December 31, 2007 of all Vested and Unvested DSUs Common Shares and Exercisable Options held by each of the Named Executive Officers as of that date and, in the case of the Corporation's Chief Executive Officer, for the past three years.

Name	Year	Value of Vested DSUs	Value of Unvested DSUs	Value of Common Shares	Value of Exercisable In-the-Money Options	Total Value of All Equity Holdings[4]
Douglas W.G. Whitehead	2007[1]	$ 12,485,070	N/A	$ 4,314,476	$ 1,240,816	$ 18,040,362
	2006[2]	$ 10,283,357	N/A	$ 3,836,103	$ 1,995,241	$ 16,114,701
	2005[3]	$ 7,152,423	$ 370,472	$ 2,513,598	$ 1,086,219	$ 11,122,712
Michael T. Waites	2007[1]	$ 299,268	N/A	$ 686,980	$ 1,333,524	$ 2,319,772
Ian M. Reid	2007[1]	$ 3,395,035	N/A	$ 771,126	$ 2,877,148	$ 7,043,759
Stephen Mallett	2007[1]	$ 3,306,647	N/A	$ 857,736	$ 474,676	$ 4,639,059
Andrew S. Fraser	2007[1]	$ 1,337,963	N/A	$ 61,561	$ 183,672	$ 1,583,196

(1) The Value of Vested and Unvested DSUs and Common Shares as of December 31, 2007 was calculated based on the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on the last trading day of the financial year $28.66.

(2) The Value of Vested and Unvested DSUs and Common Shares as of December 31, 2006 was calculated based on the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on the last trading day of the financial year $23.895.

(3) The Value of Vested and Unvested DSUs and Common Shares as of December 31, 2005 was calculated based on the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on the last trading day of the financial year $18.57.

(4) The Total Value of All Equity Holdings is calculated as the sum of the Value of Vested DSUs, Unvested DSUs, Common Shares and Exercisable In-The-Money Options as at the end of each year.

Pension Plan Table

The following table sets forth examples, based on specific categories of pensionable salary and credited years of service, of the annual pensions payable in Canadian dollars to the Named Executive Officers named in the Summary Compensation Table.

Pensionable Salary ($)	Years of Credited Service						
	5	10	15	20	25	30	35
400,000	40,000	80,000	120,000	160,000	200,000	240,000	280,000
425,000	42,500	85,000	127,500	170,000	212,500	255,000	297,500
450,000	45,000	90,000	135,000	180,000	225,000	270,000	315,000
475,000	47,500	95,000	142,500	190,000	237,500	285,000	332,500
500,000	50,000	100,000	150,000	200,000	250,000	300,000	350,000
525,000	52,500	105,000	157,500	210,000	262,500	315,000	367,500
550,000	55,000	110,000	165,000	220,000	275,000	330,000	385,000
575,000	57,500	115,000	172,500	230,000	287,500	345,000	402,500
600,000	60,000	120,000	180,000	240,000	300,000	360,000	420,000
625,000	62,500	125,000	187,500	250,000	312,500	375,000	437,500
650,000	65,000	130,000	195,000	260,000	325,000	390,000	455,000
675,000	67,500	135,000	202,500	270,000	337,500	405,000	472,500
700,000	70,000	140,000	210,000	280,000	350,000	420,000	490,000
725,000	72,500	145,000	217,500	290,000	362,500	435,000	507,500
750,000	75,000	150,000	225,000	300,000	375,000	450,000	525,000
775,000	77,500	155,000	232,500	310,000	387,500	465,000	542,500
800,000	80,000	160,000	240,000	320,000	400,000	480,000	560,000
825,000	82,500	165,000	247,500	330,000	412,500	495,000	577,500
850,000	85,000	170,000	255,000	340,000	425,000	510,000	595,000
875,000	87,500	175,000	262,500	350,000	437,500	525,000	612,500
900,000	90,000	180,000	270,000	360,000	450,000	540,000	630,000
925,000	92,500	185,000	277,500	370,000	462,500	555,000	647,500
950,000	95,000	190,000	285,000	380,000	475,000	570,000	665,000
975,000	97,500	195,000	292,500	390,000	487,500	585,000	682,500
1,000,000	100,000	200,000	300,000	400,000	500,000	600,000	700,000
1,025,000	102,500	205,000	307,500	410,000	512,500	615,000	717,500
1,050,000	105,000	210,000	315,000	420,000	525,000	630,000	735,000
1,075,000	107,500	215,000	322,500	430,000	537,500	645,000	752,500
1,100,000	110,000	220,000	330,000	440,000	550,000	660,000	770,000
1,125,000	112,500	225,000	337,500	450,000	562,500	675,000	787,500
1,150,000	115,000	230,000	345,000	460,000	575,000	690,000	805,000
1,175,000	117,500	235,000	352,500	470,000	587,500	705,000	822,500
1,200,000	120,000	240,000	360,000	480,000	600,000	720,000	840,000
1,225,000	122,500	245,000	367,500	490,000	612,500	735,000	857,500
1,250,000	125,000	250,000	375,000	500,000	625,000	750,000	875,000
1,275,000	127,500	255,000	382,500	510,000	637,500	765,000	892,500
1,300,000	130,000	260,000	390,000	520,000	650,000	780,000	910,000

During 2007, the Named Executive Officers were covered by the Finning International Inc. Retirement Plan (Executive Group) (the "Plan"). The amount of pension payable under the Plan is determined as 2% of a participant's final average earnings multiplied by the total number of years of credited service to a maximum of 35 years. Final average earnings are defined as the average annual pensionable earnings during the 36 consecutive months within the last 10 years of employment in which such earnings were the highest. In 2007, the Plan benefits were subject to a statutory ceiling of $2,222.22 of annual pension for each year of credited service in the Plan. Pensions are reduced for retirement earlier than at age 60.

During 2007, there was a supplementary income plan ("SIP") in force covering all members of the Plan. The amount of pension supplement provided by the SIP is the difference between the amount of pension payable under the Plan and an amount calculated in accordance with the Plan but assuming no statutory ceiling applies to each year of credited service. In addition, for the purpose of the SIP, an executive officer's earnings are equal to 130% of base salary. A 2-1/2 year service bonus component was part of the pension calculation for retirement at age 60 for any member who joined the SIP prior to August 2, 2004 and is no longer provided to new participants after August 2, 2004. If the total annual amount of pension from the Plan and the SIP exceeds 70% of a participant's final average earnings, it will be reduced to be equal to 70% of the participant's final average earnings.

Mr. Whitehead, Mr. Waites and Mr. Reid are entitled to additional supplements to their pensions payable from the SIP. Mr. Whitehead has accrued an additional two years of service for each year of credited service up to December 31, 2003 and one additional year of service in respect of each year from 2004-2007. In addition, he will accrue an additional year of service for each year of credited service earned after December 31, 2007. Mr. Whitehead's annual pension has been capped at $450,000, at his own request.

Mr. Waites will accrue an additional year of service for each year of credited service earned between May 1, 2006 and April 30 in the year Mr. Waites attains age 60. This is provided that Mr. Waites is continuously employed by the Corporation during the period May 1, 2006 through April 30, 2012.

Mr. Reid will accrue an additional period of service equal to the credited service accrued from March 1, 2007 up to and including the last day of the month in which Mr. Reid turns 60 – multiplied by 0.75. This is provided Mr. Reid remains continuously employed by the Corporation until May 31, 2015.

The pensionable salary for 2007 (equal to 130% of base salary), the estimated credited years of service at age 60 (or current age if over 60), the estimated annual pension benefit payable, and the present value of the accrued liability and annual current service costs (at December 31, 2007) for each of the Corporation's Named Executive Officers are provided in the following table:

Executive Officer	Pensionable Salary for 2007	Estimated Credited Years of Service	Estimated Annual Benefits	Accrued Liability	Service Cost	Vested Status
Douglas W.G. Whitehead	$ 1,248,000	25	$ 450,000[(1)]	$ 5,798,000	$ 0	Vested
Michael T. Waites	$ 611,000	15	$ 183,300	$ 448,600	$ 269,200	Non-Vested
Ian M. Reid	$ 637,000	27	$ 344,000	$ 1,983,600	$ 240,100	Vested
Stephen Mallett	$ 474,500	24	$ 227,800	$ 2,940,500	$ 120,000	Vested
Andrew S. Fraser	$ 448,500[(2)]	24	$ 215,300	$ 930,000	$ 84,500	Vested

(1) Mr. Whitehead's annual pension at retirement is subject to a maximum pension limit of $450,000 at his own request.
(2) Mr. Fraser's pensionable salary of $448,500 is a notional pensionable salary used to calculate his Canadian pension benefits only while he is working in the UK and does not reflect his actual earnings in the year.

Submitted by the Human Resources Committee:
J.M. Willson (Chair)
K.M. O'Neill
D.S. O'Sullivan
B.L. Turner

COMPENSATION OF DIRECTORS

Director compensation includes annual retainers, meeting fees and equity-based incentive compensation in the form of deferred share units (DSUs). The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of their roles. All elements of director compensation are reviewed annually for competitiveness against a peer group by management and then the Board, and a comprehensive review is undertaken every two years.

A DSU plan was approved for the non-executive directors in 2000 as an appropriate form of equity-based compensation intended to provide a competitive long-term incentive aligned with shareholder interests.

In August 2007, all director compensation was reviewed and confirmed at the then-current levels.

The Chairman of the Board, Conrad A. Pinette, received an annual retainer of $175,000 in 2007, but did not receive meeting fees or the travel allowance. Directors who are also employees of the Corporation or its subsidiaries do not receive any additional remuneration for acting as directors. Fees payable to other directors for directors' and committee meetings are set out in the table below. If a meeting is held in the city in which a director is resident, he/she receives a directors' meeting fee of $1,500 and a fee of $1,500 for each committee meeting attended. If a meeting is held at a place other than the city in which a director is resident, he/she receives an additional $1,500 travel allowance; or if held on a different continent, he/she receives an additional travel allowance of $3,000, in recognition of the time required to travel to and from the meeting.

Directors' Remuneration	Amount
Basic Annual Retainer	$ 29,000
Audit Committee Chair Additional Retainer	$ 18,000
Other Committee Chair Additional Retainer	$ 10,000
Audit Committee Member Additional Retainer	$ 6,000
Other Committee Member Additional Retainer	$ 3,000
Board Meeting Fee	$ 1,500
Committee Meeting Fee	$ 1,500
Board Conference Call Meeting Fee	$ 1,000
Committee Conference Call Meeting Fee	$ 1,000

In lieu of the granting of options to directors, the Corporation currently issues DSUs to external directors pursuant to the terms of a Share Accumulation Plan for External Directors which was approved by shareholders at the annual meeting held April 26, 2000. Under that plan, directors who are not full-time employees of the Corporation or any of its subsidiaries have the right to acquire DSUs by way of an annual award and in lieu of cash compensation payable for service as a director. DSUs are issued at the fair market value of the Corporation's Common Shares on the date of issuance. A total of 14,300 DSUs were granted to Directors in 2007. In addition, DSUs accrue notional dividends that are allocated in the form of additional DSUs based upon the fair market value of Common Shares on the dividend payment date. A total of 3,225 DSUs were granted to present directors during 2007 as payment for notional dividends.

When an eligible director ceases to serve on the Board of Directors, he or she will be entitled to receive the value of the DSUs from the Corporation, payable (at the election of the eligible director) either in cash or in Common Shares of the Corporation. If an eligible director elects to receive payment in the form of Common Shares, the Corporation will purchase such Common Shares, on behalf of the eligible director, on the Toronto Stock Exchange. DSUs do not entitle eligible directors to voting rights.

Total Compensation Table – Directors

The following table sets forth information concerning the total compensation during the most recently completed financial year of the Corporation for its Directors.

Name	Annual Retainer	Meeting Fees	Travel Fees & Other[1]	Total Compensation	% of Total Compensation Taken in DSUs[2]	Annual DSU[3] Grant Cash Equivalent	Total Value of All Compensation
R. Bacarreza	$ 38,000	$ 21,000	$ 20,120	$ 79,120	0%	$ 42,000	$ 121,120
J.E.C.Carter[4]	$ 9,500	$ 7,500	$ 6,000	$ 23,000	100%	$ 14,000	$ 37,000
J.F. Dinning[5]	$ 12,500	$ 6,000	$ 3,000	$ 21,500	21%	$ 14,903	$ 36,403
T.S. Howden[5]	$ 13,571	$ 9,000	$ 6,000	$ 28,571	0%	$ 14,903	$ 43,474
J.J. Mooney[5]	$ 15,000	$ 4,500	$ 0	$ 19,500	100%	$ 14,903	$ 34,403
K.M. O'Neill[6]	$ 33,469	$ 20,500	$ 10,500	$ 64,469	0%	$ 37,125	$ 101,594
D.S. O'Sullivan	$ 45,000	$ 18,500	$ 9,000	$ 72,500	100%	$ 42,000	$ 114,500
C.A. Pinette	$ 175,000	$ 0	$ 0	$ 175,000	4%	$ 105,000	$ 280,000
J.M. Reid	$ 38,000	$ 24,000	$ 3,000	$ 65,000	100%	$ 42,000	$ 107,000
A.H. Simon	$ 50,000	$ 20,500	$ 20,120	$ 90,620	0%	$ 42,000	$ 132,620
B.L. Turner	$ 35,000	$ 20,500	$ 19,415	$ 74,915	11%	$ 42,000	$ 116,915
J.M. Willson	$ 42,000	$ 24,500	$ 3,000	$ 69,500	0%	$ 42,000	$ 111,500

(1) Includes non-cash benefit for tax return preparation.
(2) Indicates the portion of the director's potential cash payments paid instead in DSUs.
(3) DSUs were issued on a monthly basis calculated with a fair market price of Finning stock at $31.665 on May 15, 2007.
(4) Mr. Carter joined the Board of Directors as of September 20, 2007.
(5) These directors retired May 9, 2007.
(6) Ms. O'Neil joined the Board of Directors as of February 13, 2007.

	Director Ownership at February 29, 2008				
Director	Vested Options	Unvested Options	Total Options	Common Shares	DSUs
R. Bacarreza	26,000	0	26,000	12,000	27,617
J.E.C. Carter	0	0	0	10,000	1,260
K.M. O'Neill	0	0	0	5,500	1,179
D.S. O'Sullivan	0	0	0	102,084	54,595
C.A. Pinette	76,000	0	76,000	102,032	106,366
J.M. Reid	0	0	0	20,000	6,812
A.H. Simon	28,000	0	28,000	14,000	29,445
B.L. Turner	0	0	0	8,800	2,952
D.W.G. Whitehead	94,600	472,600	567,200	150,540	435,627[1]
J.M. Willson	12,000	0	12,000	14,000	28,160

(1) Mr. Whitehead was granted DSUs in his capacity as a senior officer of the Corporation.

	Director Ownership at February 29, 2008				
Name	Vested Options Value	Unvested Options Value	Common Shares Value	DSUs Value	Total Value of all Equity Holdings[1]
R. Bacarreza	$ 526,130	$ 0	$ 333,000	$ 766,376	$ 1,625,506
J.E.C. Carter	$ 0	$ 0	$ 277,500	$ 34,976	$ 312,476
K.M. O'Neill	$ 0	$ 0	$ 152,625	$ 32,723	$ 185,348
D.S. O'Sullivan	$ 0	$ 0	$ 2,832,831	$ 1,515,006	$ 4,347,837
C.A. Pinette	$ 1,638,940	$ 0	$ 2,831,388	$ 2,951,655	$ 7,421,983
J.M. Reid	$ 0	$ 0	$ 555,000	$ 189,044	$ 744,044
A.H. Simon	$ 597,180	$ 0	$ 388,500	$ 817,108	$ 1,802,788
B.L. Turner	$ 0	$ 0	$ 244,200	$ 81,919	$ 326,119
D.W.G. Whitehead	$ 828,840	$ 1,746,900	$ 4,177,485	$ 12,088,650[2]	$ 18,841,875
J.M. Willson	$ 252,780	$ 0	$ 388,500	$ 781,451	$ 1,422,731

(1) The value of equity holdings was calculated using a Common Share value of $27.75 which was the closing trading price of the Corporation's Common Shares on the Toronto Stock Exchange on February 29, 2008.
(2) Mr. Whitehead was granted DSUs in his capacity as a senior officer of the Corporation.

SECTION IV – CORPORATE GOVERNANCE

The Corporation's Board of Directors and management are committed to the highest standards of good corporate governance and understand that such standards are central to the efficient and effective operation of the Corporation in a manner that ultimately enhances shareholder value.

In 2005, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") were adopted by Canadian securities regulators. NI 58-101 requires issuers such as the Corporation to disclose certain corporate governance practices they have adopted. NP 58-201 provides additional guidance on corporate governance practices.

As required by NI 58-101 and other applicable regulatory instruments, the following disclosure describes the corporate governance policies and initiatives developed by the Corporation. For additional disclosure relating to the Corporation's compliance with the requirements of NI 58-101, see Schedule B attached to this management proxy circular.

BOARD MANDATE AND COMPOSITION

The Board of Directors has overall responsibility for conduct of the business and affairs of the Corporation. The Board discharges this responsibility both directly and through delegating certain authority to committees of the Board and to senior management of the Corporation.

The direct responsibilities of the Board include:

(a) choosing the Corporation's Chief Executive Officer, who is responsible for all of the Corporation's day-to-day operations;
(b) reviewing and approving a strategic plan that takes into account an identification of business opportunities and business risks;
(c) overseeing and monitoring management's systems for the operations of the Corporation;
(d) monitoring and assessing the Corporation's performance in meeting both short and long-term goals established by the Board;
(e) directly reviewing and approving major transactions proposed by management;
(f) reviewing reports and recommendations from committees of the Board with respect to matters such as succession planning and preparation of financial statements and giving necessary directions to management;
(g) reviewing the content of significant communications with shareholders and the investing public, including this management proxy circular, annual reports, annual information forms and quarterly and annual financial statements; and
(h) approving the appointment and remuneration of all executive officers.

The Board of Directors is currently made up of 10 members. The Board has considered which of its members are "independent" for purposes of NI 58-101 and concluded that all directors, other than Douglas W.G. Whitehead (who is the President and Chief Executive Officer of the Corporation) are independent.

In addition, in order to ensure that the Board can function independently from management, the Corporation has separated the role of Chairman of the Board (currently Conrad A. Pinette) and Chief Executive Officer (currently Douglas W.G. Whitehead). The Board further ensures its independent function by convening an independent directors-only *in camera* session at every Board meeting.

Finally, each year the Board (with the assistance of the Corporate Governance Committee) formally reviews its own performance, the performance of each committee of the Board, the performance of the Chairman of the Board, the performance of each individual director (peer assessment) and the performance of the Chief Executive Officer.

As part of its oversight responsibilities, the Board has approved a number of written policies, job descriptions and mandates. These include: "Terms of Reference for the Board of Directors" (attached hereto as Schedule C); "Terms of Reference for the President and Chief Executive Officer"; "Terms of Reference for the Corporate Governance Committee"; "Terms of Reference for External Auditor"; a "Code of Conduct"; a "Code of Ethics for Senior Executives and Financial Officers"; a "Whistleblower Policy"; a "Policy on Share Trading and Use of Material Information"; a "Corporate Disclosure Policy"; and an "Employee Privacy Policy." The full text of each of these policies can be found on the Corporation's website at www.finning.com. In addition, any shareholder may request paper copies of any such policy by contacting the Corporate Secretary.

The Code of Conduct, the Code of Ethics for Senior Executives and Financial Officers and the Policy on Share Trading and Use of Material Information are signed by appropriate employees in order to confirm that such employees are aware of these policies and to acknowledge that they are bound by the terms thereof.

During 2007, the Board of Directors met on six occasions, including one special meeting devoted exclusively to the Corporation's corporate strategy and direction. All of these meetings were in person. At every meeting, the Board discusses issues without the presence of management *in camera*, and in addition, the independent directors meet *in camera* at each meeting with neither management nor the non-independent director.

At the annual meeting, upon having reached the age of 70, it is contemplated that directors will retire. When a director reaches the age of 68, the Corporate Governance Committee will review the individual's status on a year-to-year basis. The Corporate Governance Committee may only then propose the incumbent to be on the slate of directors to be presented at the next annual meeting of shareholders.

ORIENTATION AND CONTINUING EDUCATION

The Board has recently adopted a new Director Orientation and Continuing Education Program. The purpose of the program is to familiarize new directors with the Corporation and its business and to facilitate Board member access to relevant education programs. The program is overseen by the Corporate Governance Committee.

All new directors are provided with a detailed package of information describing the Corporation and its business. In addition, all new directors meet with senior management for detailed briefings on strategic plans, governance structures and codes of conduct, significant accounting and risk management issues, financial reporting and accounting policies and procedures and other topics. Finally, where appropriate the orientation program involves direct visits to plant sites and facilities.

The continuing education portion of the program involves periodic presentations on specific topics related to the Corporation and its business and regular visits to plant sites and facilities (including scheduling Board meetings at such sites and facilities from time to time). In addition, the Corporate Secretary is responsible for identifying other available relevant educational programs and informing the Board of those opportunities.

Each director ultimately assumes responsibility for keeping himself informed about the Corporation's business and relevant developments outside the Corporation which affect its business. Management assists directors by providing them with regular updates on relevant developments and other information which management considers of interest to the Board.

ETHICAL BUSINESS CONDUCT

As noted above, the Corporation has adopted a Code of Conduct which governs the behaviour of all directors, officers and employees of the Corporation and its subsidiaries. The Code sets out the fundamental terms upon which the Corporation conducts its business and deals with subjects such as compliance with laws, fiscal integrity and responsibility, health and safety, care of the environment, conflicts of interest, ensuring equal opportunities and providing a workplace free from harassment. The full text of the Code of Conduct can be found on the Corporation's website at www.finning.com.

COMMITTEES OF THE BOARD OF DIRECTORS

There are currently four standing committees of the Board of Directors: the Corporate Governance Committee, the Audit Committee, the Human Resources Committee and the Environment, Health and Safety Committee. Each committee operates in accordance with Board-approved terms of reference. The Board may create a new committee whenever it considers it advisable to do so. In 2007 the Board created a Chief Executive Officer Search Committee, as detailed below, appointing three independent directors to that committee.

The Board rotates committee members and committee chairs from time to time as required. In doing so, the Board tries to make use, to the extent possible, of the particular expertise of each of the directors.

Committee chairs, in consultation with members, determine the frequency of meetings for each committee, provided that a committee must at all times comply with its terms of reference. The agenda for each meeting is established by the committee chair in consultation with appropriate members of management and the Corporate Secretary. Each committee chair reports to the full Board with respect to each of its meetings.

The Board of Directors and each standing committee ensure their independence by convening independent directors-only *in camera* sessions at every meeting.

Committee members are appointed annually following the Corporation's annual meeting. The Corporate Governance Committee provides recommendations to the Board in respect of all such appointments.

The following is a description of the composition and mandate for each of the committees of the Board.

THE CORPORATE GOVERNANCE COMMITTEE

The terms of reference for the Corporate Governance Committee require that it be comprised solely of independent directors. The current members of the Committee are D.S. O'Sullivan (Chair), C.A. Pinette, A.H. Simon and J.M. Willson. The Committee met four times during 2007. Three of these meetings were in person and one was held by telephone. At every Committee meeting the independent directors meet *in camera* without management.

The mandate of the Corporate Governance Committee is to enhance corporate performance by assessing and making recommendations regarding Board effectiveness and by establishing a process for identifying, recruiting, appointing and re-appointing directors and providing for the on-going development of current Board members.

A healthy governance culture demands that both management and the Board engage in continuous constructive discussions to delineate their respective roles in changing circumstances. The Corporate Governance Committee monitors the flow of information between the Board and management and, where necessary, makes recommendations on improving these lines of communication.

During the year, the Committee dealt with various corporate governance matters consistent with its terms of reference contained in the Corporation's Board policy manual. The Board policy manual sets out responsibilities and terms of reference for the directors, the Chairman of the Board, the Chief Executive Officer and the various committees of the Board and includes an annual review process for the Chairman of the Board, the Chief Executive Officer, the Board, the Board Committees and individual director peer evaluations. The most recent review process was conducted in the fourth quarter of 2007.

The Committee also reviews the Board policy manual annually and recommends amendments to its provisions, as required.

THE AUDIT COMMITTEE

The terms of reference for the Audit Committee require that it be comprised of at least three directors, all of whom shall be independent. The current members of the Committee are A.H. Simon (Chair), R. Bacarreza, J.E.C. Carter, K.M. O'Neill, and J.M Reid. The Committee met four times in 2007 in conjunction with regularly scheduled Board meetings. At every Committee meeting the independent directors meet *in camera* without management.

Conrad A. Pinette attends meetings of the Audit Committee in his capacity as Chairman of the Board. All Committee members are required to be independent and financially literate (as such terms are defined in Multilateral Instrument 52-110 – Audit Committees) and at least one member is required to have accounting or related financial management expertise. J.M. Reid was the designated "financial expert" member of the Audit Committee until February 13, 2007, when K.M. O'Neill was appointed to the Board and Audit Committee. K.M. O'Neill is the current designated "financial expert" member of the Audit Committee.

The Committee provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders with respect to the Corporation's: (a) financial statements; (b) financial reporting process; (c) systems of internal and disclosure controls; (d) internal audit function; (e) external audit function; (f) financial arrangements and liquidity and (g) risk identification, assessment and management program. It is the responsibility of the Committee to maintain an open avenue of communication between itself, the external auditors, the internal auditors and the management of the Corporation. In performing its role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Corporation. It is also empowered to retain outside counsel or other experts as required.

Audit Fees

Fees paid or accrued by the Corporation and its major business units or subsidiaries for audit and other services provided by Deloitte & Touche LLP (the Corporation's external auditors) during 2006 and 2007 were as follows:

Type of Service	**2007**(1)	2006(1)
Audit Services	$ 2,100,729	$ 2,180,850
Audit-Related Services(2)	308,911	50,000
Tax Services(3)	184,329	489,000
Other Services(4)	Nil	Nil
Total:	$ 2,593,969	$ 2,719,850

(1) Amounts were billed in various currencies and converted to Canadian dollars using the exchange rates in existence at the time of billing.
(2) Audit related services include assurance and related services, such as audits of the Corporation's pension plans and merger and acquisition activities, reasonably related to the performance of the audit or review of the Corporation's financial statements not reported as Audit Services.
(3) Tax services include tax compliance reviews, review of the tax impact of specific transactions, assistance with inquiries from tax authorities, and international employee relocation advice.
(4) Other services would include any non audit-related or non tax services.

Pre-approval Policies and Procedures

The Audit Committee has adopted a formal policy requiring the pre-approval of non-audit services to be provided by its external auditors, Deloitte & Touche LLP, prior to the commencement of the engagement. Between regularly scheduled Audit Committee meetings, the Committee has delegated to the Chair of the Audit Committee the authority to approve individual non-audit service engagements that have not been pre-approved. All engagements where such approval was granted will be reported at the next Audit Committee meeting. Under no circumstances will the Corporation's management engage the external auditors to perform services that have not been approved by the Audit Committee. Management and the external auditor are required to report quarterly to the Audit Committee all services provided by the external auditor and fees paid or accrued for the fiscal year-to-date period.

The Committee determined that the provision of the audit-related and tax services described above did not compromise the independence of Deloitte & Touche LLP for purposes of performing audit services for the Corporation. In addition, as the Corporation's external auditors, Deloitte & Touche LLP are required to comply with the terms of the Corporation's "Terms of Reference for External Auditors."

Enterprise Risk Management

The Corporation has adopted an Enterprise Risk Management approach to identifying and evaluating risks in order to protect and enhance shareholder value. On a quarterly basis, the Audit Committee reviews the Corporation's process with respect to risk assessment and management of key risks, including the Corporation's major financial risks and exposures and the steps taken to monitor and control such exposures. The Enterprise Risk Management Process involves the identification, by each of the Corporation's significant operations, of key risks that could impact the achievement of the Corporation's strategic plan. Each of these key risks is monitored closely and disclosed annually in the Corporation's Annual Information Form. Any changes to the key risks are reviewed by the Audit Committee and disclosed on a quarterly basis in the Corporation's interim financial filings.

For more information regarding the Audit Committee and its mandate, please refer to the section entitled "Audit Committee" in the Corporation's most recent Annual Information Form.

THE HUMAN RESOURCES COMMITTEE

The terms of reference for the Human Resources Committee require that it be comprised of four or more directors, all of whom shall be independent. The current members of the Committee are J.M. Willson (Chair), K. M. O'Neill, D.S. O'Sullivan and B.L. Turner. The Committee met four times in 2007. Three of these meetings were in person and one was held by telephone. At every Committee meeting the independent directors meet *in camera* without management.

One of the key mandates of the Human Resources Committee with respect to human resources and compensation matters is described in full earlier in this management proxy circular. In addition, the Committee reviews and approves the succession plan for the Chief Executive Officer and for the executive leadership team; reviews and approves any significant changes to the organizational structure; and ensures at a strategic level that there are appropriate and effective Human Resources policies in place for the employment and engagement of the Corporation's employees. The Committee also reviews, with the Corporation's management pension committee: (a) the pension fund investment strategy; (b) the choice of fund manager(s) for the Corporation's pension funds; (c) the ongoing performance of the fund manager(s); (d) the design and benefits of the Corporation's pension plans; and (e) contribution levels and funding status of the Corporation's pension plans.

THE ENVIRONMENT, HEALTH AND SAFETY COMMITTEE

The terms of reference for the Environment, Health and Safety Committee require that it be comprised of at least three directors, at least two of whom must be independent. The current members of the Committee are B.L. Turner (Chair), R. Bacarreza, J.E.C. Carter, J.M. Reid and D.W.G. Whitehead. The Committee met four times in 2007. All of these meetings were in person. At every Committee meeting the independent directors meet *in camera* without management.

The mandate of the Committee is to encourage, assist and counsel the management of the Corporation in its drive towards attaining and maintaining a high level of performance in areas relating to the environment, health and safety. The Committee also seeks to ensure, through the management of the Corporation, that the Corporation's employees and contractors enjoy a safe and healthy workplace.

The Committee pursues the corporate goal of reducing injuries in the workplace through the adoption, monitoring and enforcement of policies and procedures designed to meet or exceed the environment, health and safety goals which the Corporation has set for itself and applicable regulatory requirements.

THE CHIEF EXECUTIVE OFFICER SEARCH COMMITTEE

At the request and instruction of the Board, the Chief Executive Officer Search Committee was formed in 2007. The members of the Committee were C.A. Pinette (Chair), J.M. Willson and J.M. Reid. The Committee met three times in 2007. All of these meetings were in person. The Committee met four times in 2008. Three meetings were in person and one was held by telephone.

The Committee established a review process and conducted interviews of internal as well as external candidates for the position of Chief Executive Officer in order to provide a report and recommendation to the Board for the replacement of Doug Whitehead who had earlier in 2007 confirmed and announced his intention to retire in 2008. Following the recommendation of this Committee, the Board of Directors appointed Michael T. Waites, current Executive Vice President and Chief Financial Officer, as President and Chief Executive Officer, effective May 6, 2008.

In March 2008, the Board dissolved the Committee which was deemed to have completed its mandate.

SUMMARY OF ATTENDANCE OF DIRECTORS

The following table sets out the attendance of the Board of Directors at Board meetings and Committee meetings of which they were members during 2007:

Director	Board Meetings Attended	Committee Meetings Attended	Percentage of Meetings Attended
R. Bacarreza	6 of 6	8 of 8	100%
J.E.C. Carter(1)	2 of 2	2 of 2	100%
J.F. Dinning(2)	1 of 2	2 of 4	50%
T.S. Howden(2)	2 of 2	4 of 4	100%
J.J. Mooney(2)	1 of 2	2 of 4	50%
K.M. O'Neill(3)	6 of 6	8 of 8	100%
D.S. O'Sullivan	6 of 6	8 of 8	100%
C.A. Pinette	6 of 6	8 of 8(4)	100%
J.M. Reid	6 of 6	11 of 11	100%
A. H. Simon	6 of 6	8 of 8	100%
B.L. Turner	6 of 6	8 of 8	100%
D.W.G. Whitehead	6 of 6	4 of 4(5)	100%
J.M. Willson	6 of 6	11 of 11	100%

(1) Mr. Carter became a director on September 20, 2007.
(2) These directors did not stand for re-election at the annual meeting of May 9, 2007.
(3) Ms. O'Neill became a Board member on February 13, 2007.
(4) Refers to meetings of the Corporate Governance Committee, of which he is a member and meetings of the Chief Executive Officer Search Committee of which he is the Chair. In addition, Mr. Pinette attended 11 meetings of various other committees as an ex officio representative in his capacity as Chairman of the Board of Directors.
(5) Refers to the four meetings of the Environment, Health and Safety Committee, of which he is a member. In addition, Mr. Whitehead attended 12 meetings of various committees in his capacity as President and Chief Executive Officer.

It should be noted that the summary of attendance of directors at meetings of the Board of Directors and committees of the Board of Directors is not strictly indicative of the contribution made by each director and that absence from a meeting may have resulted from a variety of factors or causes.

MINIMUM SHAREHOLDING REQUIREMENTS

The directors of the Corporation have fixed minimum requirements for share ownership by the Corporation's directors, the Chief Executive Officer and executive management. These requirements are described below.

Within two years after their appointment or election to the board, each director must hold the greater of: (a) Common Shares having a value equal to the annual fee then paid to directors; or (b) 4,000 Common Shares. Within five years after their appointment or election to the board, each director must hold the greater of: (a) Common Shares having a value equal to three times the annual fee then paid to directors; or (b) 10,000 Common Shares.

The Chief Executive Officer is required to hold, at a minimum, that number of Common Shares and vested DSUs of the Corporation with a value equal to three times annual salary within five years after appointment to that position.

Executive management members are required to hold, at a minimum, that number of Common Shares and vested DSUs of the Corporation with a value equal to 1.5 times annual salary within five years after appointment to that position.

The Corporate Secretary of the Corporation annually reviews compliance with the foregoing requirements. The most recent review indicates that all directors and the Named Executive Officers are in compliance.

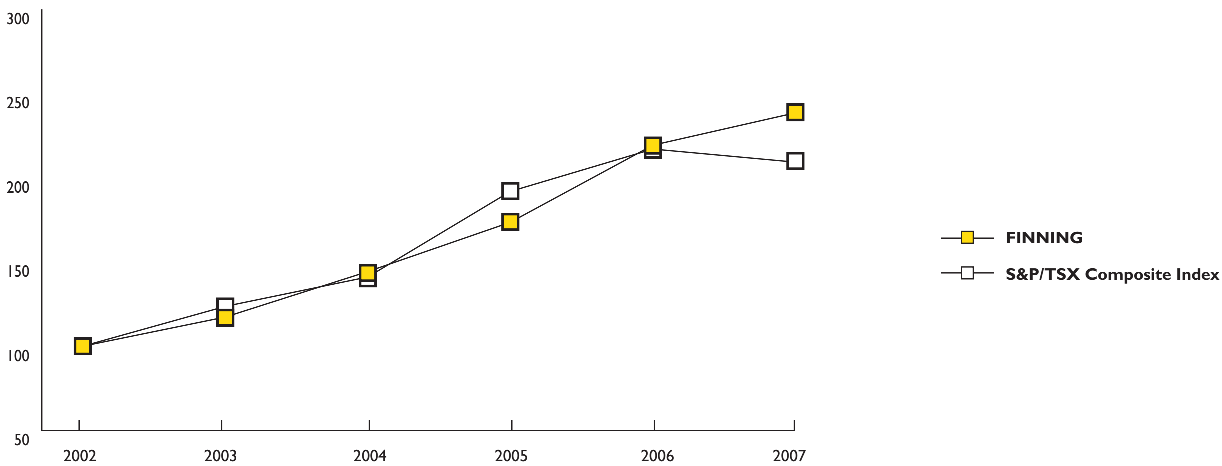
SECTION V – OTHER INFORMATION

Information contained herein is given as of March 28, 2008, except as otherwise provided.

COMPARATIVE SHAREHOLDER RETURN

The following graph compares the yearly percentage change in the Corporation's cumulative total shareholder return on its Common Shares with the cumulative total return of the S&P/TSX Composite Index, assuming the re-investment of dividends, for the last five financial years:

	2002	2003	2004	2005	2006	**2007**
Finning	100	118.83	140.17	150.6	195.95	237.98
S&P/TSX Composite Index	100	124.29	139.79	170.42	195.15	209.13



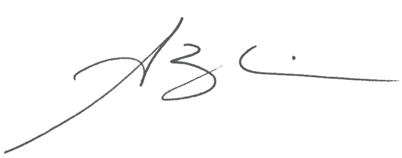
DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Corporation provides liability insurance for its directors and officers in those capacities. The policy limits for 2007 were $50,000,000 per occurrence, subject to a deductible of up to $500,000 per occurrence in the case of a claim against the Corporation.

APPROVAL OF THIS CIRCULAR

The contents and the sending of this circular have been approved by the directors.

Dated as of March 28, 2008.



Andre J. Beaulieu
General Counsel and Corporate Secretary

SCHEDULE A
SHAREHOLDER RIGHTS PLAN

Extension of Amended and Restated Shareholder Rights Plan

BE IT RESOLVED that:

(a) the extension (the "Extension") of the Corporation's amended and restated shareholder rights plan (the "Plan") for three years as described in the accompanying management proxy circular is hereby approved; and

(b) any one director or officer is hereby authorized, on behalf of the Corporation, to execute and deliver an amended and restated Plan which reflects the Extension.

SCHEDULE B

NATIONAL INSTRUMENT 58-101

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

	PRACTICE	FINNING
1.	**Board of Directors**	
(a)	Disclose the identity of directors who are independent.	All directors of the Corporation are independent, other than Douglas W.G. Whitehead.
(b)	Disclose the identity of directors who are not independent, and describe the basis for that determination.	Douglas W.G. Whitehead is the President and Chief Executive Officer of the Corporation and is the only director who is not independent of management.
(c)	Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	9 of the 10 current directors are independent.
(d)	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directorships in other reporting issuers held by the nominees for director are listed in the description of each nominee under the heading "Proposed Management Nominees for Election as Directors."
(e)	Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	At each regularly scheduled board meeting, the board meets once outside of the presence of members of management, other than Douglas W.G. Whitehead who is a member of the board, and meets in camera again this time without Douglas W.G. Whitehead. In addition, where matters directly involving Douglas W.G. Whitehead (such as compensation issues) are being discussed, Douglas W.G. Whitehead is excused from those discussions and the independent directors meet alone. For Committee meetings, the independent directors also meet in camera without management.
(f)	Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	The Chairman of the Board, Conrad A. Pinette, is independent. The Chairman's role and responsibilities are described in the "Terms of Reference for the Chair," which are posted on Finning's website.
(g)	Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	The attendance record of each of the directors is shown in a table on page 24.
2.	**Board Mandate**	
	Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The Board's written Terms of Reference are attached as Schedule C.
3.	**Position Descriptions**	
(a)	Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The Board has developed written position descriptions for the Chairman of the Board and the Chair for each of the Committees.

	PRACTICE	FINNING
(b)	Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.	The Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer, which is reviewed annually. In addition, the Human Resources Committee annually reviews a set of goals and objectives for the Chief Executive Officer and assesses his performance against the goals and objectives for the previous year.
4.	**Orientation and Continuing Education**	
(a)	Briefly describe what measures the board takes to orient new directors regarding:	
	(i) the role of the board, its committees and its directors; and	A full description of these measures is contained under the heading "Orientation and Continuing Education" on page 21.
	(ii) the nature and operation of the issuer's business.	A full description of these measures is contained under the heading "Orientation and Continuing Education" on page 21.
(b)	Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	A full description of these measures is contained under the heading "Orientation and Continuing Education" on page 21.
5.	**Ethical Business Conduct**	
(a)	Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	The Board has adopted a written Code of Conduct for directors, officers and employees of the Corporation.
	(i) disclose how a person or company may obtain a copy of the code;	The Code is available on the Corporation's web site and on SEDAR.
	(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	Management reports violations of the code and any actions it has taken to the Board of Directors.
	(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	There were no violations of the code in 2007 with respect to any directors or executive officers.
(b)	Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	If there is a conflict of interest or the perception of a conflict of interest, executive officers or directors do not participate in the negotiations or approvals pertaining to such a matter.
(c)	Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	In addition to adopting the Code of Conduct, a whistleblower telephone hotline has been established globally, as well as on-line reporting, which is available on the Corporation's website.
6.	**Nomination of Directors**	
(a)	Describe the process by which the board identifies new candidates for board nomination.	The Corporate Governance Committee is responsible for identifying, recruiting and recommending new candidates for Board nomination. At least annually, the Committee reviews the board's current composition by comparing the various skills and competencies of board members against board requirements.
(b)	Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The Corporate Governance Committee is composed entirely of independent directors. It currently acts as a nominating Committee.
(c)	If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Corporate Governance Committee mandate is described on page 21.

	PRACTICE	FINNING
7.	**Compensation**	
(a)	Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Corporate Governance Committee and the Human Resources Committee are responsible for recommending the compensation of the Corporation's directors and executive officers, respectively. The Committees use comparative information to ensure that the compensation is competitive considering the scope of the responsibilities. The process followed by the Committees is described in their reports beginning on page 11.
(b)	Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The Human Resources Committee is composed entirely of independent directors.
(c)	If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Human Resources Committee's mandate is described in their report beginning on page 11.
(d)	If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	In arriving at its recommendations, the Human Resources Committee of the Board reviews comparative market data provided by an independent consultant. Currently, Hay Group is the consultant engaged every three years to provide a comprehensive executive compensation review. In interim years, the independent consultant provides high level updates on compensation trends for the Committee to consider in making their decisions on executive pay. Furthermore, the Committee has retained, from time to time, Hewitt Associates as its independent consultant for an additional review of the Corporation's executive compensation practices. In addition, the Corporate Governance Committee retains Mercer Human Resources Consultants to review and provide advice on the compensation levels of independent Directors of the Board every two years.
8.	**Other Board Committees**	
	If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Corporation has a Corporate Governance Committee and an Environment, Health and Safety Committee. The mandates of these committees are described on pages 21 and 23.
9.	**Assessments**	
	Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The Corporate Governance Committee has the responsibility for conducting an annual performance evaluation of the board, each of its committees, the Chairman and each individual director. The process involves, among other things, asking each director to complete detailed evaluation questionnaires. Ultimately, the Committee makes recommendations to the full board regarding any changes and improvements it determines to be necessary.

SCHEDULE C

FINNING INTERNATIONAL INC.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

A. The primary responsibility of the Board is to foster the long-term success of the Corporation consistent with its fiduciary responsibility to the shareholders to maximize shareholder value and provide strategic oversight.

B. The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to the Articles and By-Laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining director compensation.

C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

A. Nominees for director are initially considered and recommended by the Corporate Governance Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.

B. A majority of directors comprising the Board must qualify as independent directors.

C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

i) planning its composition and size;
ii) selecting and setting the terms of reference for the Board Chair;
iii) nominating candidates for election to the Board;
iv) appointing committees;
v) determining director compensation; and
vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

B. Management and Human Resources

The Board has the responsibility:

i) for the appointment and replacement of a Chief Executive Officer ("CEO"), for monitoring CEO performance, for approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
ii) for approving terms of reference for the CEO;
iii) in consultation with the CEO, for approving annual objectives that the CEO is responsible for meeting;
iv) to the extent feasible, for satisfying itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the organization;
v) for acting upon the advice of the CEO, and the recommendation of the Human Resources Committee, for approving the appointment and remuneration of all corporate officers; and
vi) for ensuring that plans have been made for management succession including appointing, training and monitoring senior management.

C. Monitoring and Acting

The Board has the responsibility:

i) for monitoring the Corporation's progress towards its strategic goals, and for revising and altering corporate direction through management in light of changing circumstances;
ii) for approving any payment of dividends and new financings;
iii) to ensure management identifies the principal risks of the Corporation's business (including country investment and political risks) and takes all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and
iv) for directing management to ensure systems are in place for the implementation and integrity of the Corporation's internal control and information technology systems.

D. Strategy Determination

The Board has the responsibility:

i) for adopting a strategic planning process;
ii) for approving, at least annually, a strategic plan that takes into account, among other things, the opportunities and risks of the business; and
iii) for reviewing with management the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals.

E. Policies and Procedures

The Board has the responsibility:

i) for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;

ii) for adopting a written Code of Business Conduct and Ethics (Tab C-1) and a Code of Ethics for Senior Management and Financial Officers (Tab C-11);

iii) for approving and properly disclosing any waivers to the Code of Business Conduct and Ethics and the Code of Ethics for Senior Management and Financial Officers; and

iv) for ensuring systems are in place which are designed to ensure that the Corporation operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

F. Financial and Corporate Issues

The Board has the responsibility:

i) with consideration to the recommendation of the Audit Committee, for nominating an External Auditor for approval by shareholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;

ii) with consideration to the recommendation of the Audit Committee, for approving the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;

iii) for taking reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;

iv) for reviewing operating and financial performance relative to budgets or objectives;

v) for approving annual and quarterly financial statements and approve release thereof by management;

vi) for approving the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein; and

vii) for approving the commencement or settlement of litigation that may have a material impact on the Corporation.

G. Reporting to Stakeholders

i) The Board has the responsibility to adopt a communications policy for the Corporation.

ii) The Board has the responsibility to direct management:

a) to ensure that the Corporation maintains effective, productive and appropriate reporting and communications links with Caterpillar;

b) to ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;

d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;

e) to report annually to shareholders on its stewardship for the preceding year (the Annual Report); and

f) to ensure that the Corporation has systems in place which accommodate feedback from stakeholders.

IV. LEGAL REQUIREMENTS

A. The Board is responsible for taking all reasonable steps to ensure that legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

B. Canadian law, the jurisdiction of incorporation of the Corporation, identifies the following as legal requirements for the Board:

i) to manage, or supervise the management of, the business and affairs of the Corporation;

ii) to act honestly and in good faith with a view to the best interests of the Corporation;

iii) to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances;

iv) to act in accordance with its obligations contained in the Canada Business Corporations Act, the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and the Corporation's articles and By-Laws; and

v) in particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a Committee:

a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;

b) the filling of a vacancy among the directors or in the office of the External Auditor;

c) the manner and the term for the issuance of securities;

d) the declaration of dividends;

e) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;

f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;

g) the approval of Management Proxy Circulars;

h) the approval of any Take-over Bid Circular or Directors' Circular;

i) the approval of the financial statements of the Corporation; and

j) the adoption, amendment or repeal of By-Laws of the Corporation.

SCHEDULE D

FINNING INTERNATIONAL INC.
MAJORITY VOTING POLICY

In 2006, the Board, in the belief that each director of Finning should carry the confidence and support of its shareholders, unanimously adopted and agreed to implement a majority voting policy. Any future nominees for election to the board will be asked to agree to comply with this policy before they are nominated for election, or otherwise appointed, to the Board.

The form of proxy for use at any meeting of Finning's shareholders where directors are to be elected will enable shareholders to either: (a) vote in favour; or (b) withhold their shares from being voted in respect of each nominee separately. At the meeting, the Chair will call for a vote by ballot and the scrutineer of the meeting will record, with respect to each nominee, the total number of shares voted in favour and the total number of shares withheld from voting. If, with respect to any nominee, the total number of shares withheld exceeds the total number of shares voted in favour of the nominee, then such nominee shall be considered not to have received the support of shareholders even though duly elected as a matter of corporate law.

Any nominee who is considered under the above test not to have the support of the shareholders will forthwith submit his or her resignation to the Board to take effect immediately upon acceptance by the Board.

Upon receipt of such conditional resignation, the Corporate Governance Committee shall consider the matter and, as soon as possible, make a recommendation to the full Board of Directors regarding whether or not such resignation should be accepted. In the absence of extraordinary circumstances, the Board expects the Corporate Governance Committee will recommend accepting such resignation.

After considering the recommendation of the Corporate Governance Committee, the board of directors shall decide whether or not to accept the tendered resignation and shall, not later than 90 days after the shareholders' meeting, issue a press release which either confirms that they have accepted the resignation or provides an explanation for why they have refused to accept such resignation. The director tendering his or her resignation will not participate in any meeting of the Corporate Governance Committee or board which considers the resignation.

Subject to any restrictions or requirements contained in applicable corporate law or Finning's constating documents, the board may: (a) leave a resulting vacancy unfilled until the next annual meeting; (b) appoint a replacement director whom the board considers merits the confidence of the shareholders; or (c) call a special meeting of shareholders to elect a replacement director nominated by management.

This policy does not apply in respect of any contested shareholders' meeting. For purposes hereof, a contested meeting is any meeting of shareholders where proxy material is circulated in support of one or more director nominees who are not part of a slate of director nominees supported by the existing board of directors.

This policy shall apply to all shareholder meetings which occur after May 10, 2006.

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