2012

MANAGEMENT PROXY CIRCULAR

NOTICE OF 2012
ANNUAL MEETING

FINNING INTERNATIONAL INC.

TABLE OF CONTENTS

March 15, 2012

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 8, 2012, to be held at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia at 2:00 pm Pacific time.

The business to be considered at our Annual Meeting is described in the accompanying Notice of Annual Meeting and Management Proxy Circular which contains important information about the meeting, voting, the nominated directors, our governance practices and how we compensate our executive and directors. It also describes the Boards' roles and responsibilities and the key activities the Board committees undertook in 2011.

Your vote is important. We encourage you to participate in this process by voting your shares and, if possible, by attending the Annual Meeting. We will also webcast the meeting at *www.finning.com*. A recorded version will be available on our website until the next Annual Meeting of Shareholders. In addition, we encourage you to visit our website at any time before the meeting as it provides useful information about Finning and details for accessing the webcast.

Whether you choose to vote by proxy or in person, we appreciate your participation in this important meeting.

Sincerely,

Douglas W.G. Whitehead
Chairman of the Board

Michael T. Waites
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING

An Annual Meeting of the Shareholders of FINNING INTERNATIONAL INC. ("Finning" or the "Corporation") will be held at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia at 2:00 pm Pacific time on Tuesday, May 8, 2012 for the following purposes:

1. to appoint auditors and to empower the directors to determine the auditors' remuneration;
2. to consider and approve, on an advisory basis, an ordinary resolution to accept Finning's approach to executive compensation;
3. to elect directors; and
4. to transact such other business as may properly come before the meeting.

If you are a *registered shareholder* of Finning 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 Finning 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 Finning; and (b) objecting beneficial owners (or "OBOs") who do object to their name and address being given to Finning.

If you are a NOBO, Finning's agent (Broadridge Financial Solutions, 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, Finning (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 Broadridge Financial Solutions, 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.

Shareholders of record at the close of business on March 15, 2012, will be entitled to vote at the meeting and are encouraged to participate either by proxy or in person.

DATED the 15th day of March, 2012.

BY ORDER OF THE BOARD

J. Gail Sexsmith
Corporate Secretary

SECTION 1 – VOTING

MEETING PROCEDURES

Who can go to the meeting?
Anyone who holds Common Shares of Finning as of March 15, 2012, which is the record date for the meeting, is entitled to attend the meeting.

Who can vote at the meeting and what are we voting on?
If you hold Common Shares as of the close of business on March 15, 2012, you have the right to cast one vote per Common Share on the business matters set out in the accompanying Notice of Annual Meeting and any other matters which properly come before the meeting.

How many shareholders do you need to reach a quorum?
A quorum is reached with at least two people present who hold, or represent by proxy, in the aggregate at least 25 percent of the issued and outstanding Common Shares, being the shares entitled to be voted at this meeting. On March 15, 2012 Finning had 171,827,374 Common Shares issued and outstanding.

Does any shareholder beneficially own 10 percent or more of the outstanding Common Shares?
No. To the knowledge of the directors and executive officers of Finning, as of March 15, 2012, no one beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares that carry more than 10 percent of the voting rights attached to all Common Shares entitled to be voted at the meeting.

VOTING PROCEDURES

Am I a registered or non-registered shareholder?
You are a registered shareholder if you have a share certificate in your name.

You are a non-registered shareholder if your shares are registered in the name of an intermediary (such as a bank, trust company, trustee, investment dealer, clearing agency or other institution).

How can I vote if I am a registered shareholder?
- by attending the meeting and casting your vote in person;
- by appointing someone else as proxy to attend the meeting and vote your shares for you; or
- by completing your proxy form and returning it by mail or delivery, following the instructions on your proxy.

How can I vote if I am a non-registered shareholder?
If you are a non-registered shareholder and you receive your materials through an investment dealer or other intermediary, complete and return the forms entitling you to vote by following the instructions in those forms.

How do I appoint someone else to go to the meeting and vote my shares for me?
Two directors of Finning, Michael T. Waites and Douglas W.G. Whitehead, have been named in the proxy to represent shareholders at the meeting. If you are a registered shareholder, you can appoint someone else to represent you at the meeting. Just complete a paper proxy by inserting the person's name in the appropriate space on the proxy form, or complete another acceptable paper proxy. If you are a non-registered shareholder, you can also appoint someone else to represent you at the meeting by following the instructions in the materials you receive through your investment dealer or other intermediary. In either case, the person you appoint does not need to be a shareholder but must attend the meeting to vote your shares.

Is there a deadline for my proxy to be received?
Yes. Your proxy must be received by Computershare Investor Services Inc. ("Computershare"), Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 2:00 pm Pacific time on May 4, 2012.
If the meeting is adjourned, your proxy must be received 48 hours, excluding Saturdays and holidays, before the adjourned meeting date.

How will my shares be voted if I return a 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 at the meeting. 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 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.

What happens if there are amendments or variations or other matters brought before the meeting?

Your voting instructions provided by proxy give discretionary authority to the person you appoint as proxyholder to vote as he or she sees fit on any amendment or variation to any of the matters identified in the notice of the meeting and any other matters that may properly be brought before the meeting, to the extent permitted by law. As of March 15, 2012, neither the directors nor executive officers of Finning are aware of any variation, amendment or other matter to be presented for a vote at the meeting.

What if I change my mind?

If you are a registered shareholder and have voted by proxy, you may revoke your proxy by delivering to Computershare a duly executed proxy by paper, with a later date or by delivering a form of revocation of proxy. This new proxy must be delivered to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, any time up to 2:00 pm Pacific time on May 7, 2012, or if the meeting is adjourned, 2:00 pm Pacific time on the business day before the date of the adjourned meeting.

You may also revoke your proxy and vote in person at the meeting, or any adjournment thereof, by delivering a form of revocation of proxy to the Chairman of the meeting at the meeting before the vote, in respect of which the proxy is to be used, is taken. You may also revoke your proxy in any other manner permitted by law.

If you are a non-registered shareholder, you may revoke your proxy or voting instructions by contacting the individual who serves your account.

Is my vote by proxy confidential?

Yes. All proxies are received, counted and tabulated by Finning's Transfer Agent, Computershare, in a way that preserves the confidentiality of individual shareholders' votes, except:

- as necessary to meet applicable laws;
- in the event of a proxy contest;
- in the event a shareholder has made a written comment on the proxy; or
- if there is a need for the Chairman to rule on the validity of a proxy.

Who is soliciting my proxy?

Your proxy is being solicited on behalf of management of Finning and Finning will pay for the cost of solicitation.
Management will solicit proxies either by mail to your latest address shown on the register of shareholders or by electronic mail to the e-mail address you provided. Additionally, employees or agents may solicit proxies by telephone or other ways at a nominal cost to Finning. Finning may, if determined advisable, retain an agency to solicit proxies for it in Canada and in the United States.

What if I want to submit a proposal for consideration at the next annual meeting?

Shareholders who wish to submit proposals for consideration at the 2013 annual meeting of shareholders must deliver their proposals to Finning by no later than December 17, 2012. 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.

What if I have more questions?

Please contact Computershare if you have additional questions regarding the meeting:

- telephone: 1-800-564-6253
- mail: Computershare Investor Services Inc.
  Attention: Proxy Department
  100 University Avenue, 9th Floor
  Toronto, Ontario
  M5J 2Y1

Except as otherwise noted, the information contained herein is at December 31, 2011.
Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

SECTION II – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

Financial information about Finning is included in the consolidated financial statements and management's discussion and analysis for the year ended December 31, 2011. These documents are contained in Finning's 2011 Annual Report and are available on SEDAR at *www.sedar.com* and on Finning's website at *www.finning.com*.

APPOINTMENT OF AUDITORS

The Board of Directors recommends the re-appointment of Deloitte & Touche LLP as auditors of Finning to hold office until the next annual meeting at a remuneration to be determined by the directors. For further information on the external auditors, please refer to page 26.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

ADVISORY VOTE ON APPROACH TO EXECUTIVE COMPENSATION

As part of Finning's commitment to strong corporate governance practices, in 2011, the Board gave shareholders the opportunity to cast an advisory vote on the Board's approach to executive compensation ("Say on Pay") at its annual meeting of shareholders. At the 2011 annual meeting, Finning's approach to executive compensation was approved by 97.12% of the Shares voted on the advisory Say on Pay resolution.

Finning currently intends to hold an advisory Say on Pay vote at each annual meeting as part of the Corporation's process of shareholder engagement.

The purpose of a Say on Pay advisory vote is to provide shareholders the opportunity to indicate their acceptance of the Board's overall approach to executive compensation at Finning. The Board of Finning, through the Human Resources Committee, remains fully responsible for its compensation decisions and is not relieved of these responsibilities by either a positive or negative advisory vote by shareholders. Your vote is advisory only and non-binding on the Board or Finning. However, the Board and the Human Resources Committee will consider the outcome of the vote as part of its ongoing review of the executive compensation program of Finning together with feedback received from shareholders in the course of regular communications.

The Board diligently reviews Finning's executive compensation plans and consults third party experts to design the terms of these plans relative to the current marketplace and would expect shareholders to also undergo their own due diligence before casting their votes. To fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions, shareholders should carefully read the executive compensation section starting on page 39. That section describes Finning's compensation philosophy, the objectives and elements of the program, the measurement and assessment process used by Finning and why a large portion of Finning's executives' compensation is linked to business performance and earned over the longer term thereby aligning the interests of executives with the interests of shareholders.

In addition, you are encouraged, prior to casting your vote at the meeting, to provide any specific feedback, questions or concerns you may have directly regarding executive compensation to the attention of the Board by writing to the attention of the Chairman of the Board, c/o the Corporate Secretary, Finning. See "Communications with the Board" on page 24.

As a shareholder you have the opportunity to vote for or against Finning's approach to executive compensation through the following resolution:

BE IT RESOLVED, on an advisory basis only and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in Finning's management proxy circular delivered in connection with the 2012 annual meeting of shareholders.

The Board recommends that shareholders vote "for" the advisory resolution on Finning's approach to executive compensation.

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the annual meeting of shareholders. Unless otherwise instructed, the named proxyholders will vote for the advisory resolution. Finning will disclose the results of the advisory vote at the annual meeting of shareholders and in its report on the voting results for that meeting.

ELECTION OF DIRECTORS

The Board of Directors believes the appropriate size for the Board is between eight and twelve members, allowing the periodic ability to expand up to fourteen members to provide an orientation period for new directors prior to the retirement of existing directors. This year, in accordance with the By-laws of Finning, the Board of Directors has determined that ten directors will be elected at the annual meeting. The current number of directors that serve the board is ten. The Board has assessed the relative diversity of skills, attributes and experience that the ten directors standing for election offer, and are satisfied that the nominees adequately satisfy the Board composition requirements. The term of office for all current directors will end on the day of the meeting and management is nominating the ten individuals described under the heading "Proposed Management Nominees for Election as Directors" that follows for election at the meeting. 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 Finning. All proposed management nominees are ordinarily resident in Canada except Christopher W. Patterson, who resides in the United States, Andrew H. Simon, who resides in Switzerland and Ricardo Bacarreza and Bruce L. Turner, who reside in Chile.

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

Information regarding each of the proposed nominees, as at December 31, 2011, is set out in the following tables. For each nominee, the information provided includes:

- a brief biography, age and country of residence;
- independence status;
- date first appointed to the Board;
- areas of expertise;
- board and committee meeting attendance;
- details on board interlocks, if any;
- securities held and market value for the past two years; and
- director compensation for the past two years.

For purposes of measurement and disclosure in the referenced tables, the market value of Common Shares and Deferred Share Units ("DSUs") was calculated using Common Share values of $22.21 and $27.09, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011 and December 31, 2010, respectively.

RICARDO BACARREZA – SANTIAGO, CHILE

- Age: 66
- Director since: 1999
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Banking, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Government

Mr. Bacarreza 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.), 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. Mr. Bacarreza currently serves on the Board of Directors for Sociedad de Rentas Palo Alto SA.

He holds a Civil Engineering degree from Catholic University of Chile and M.A., M.Sc. and Ph.D. from Stanford University and is fluent in Spanish.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1– Dec 31	100%
Audit Committee	4 of 4	Jan 1– Dec 31	100%
Environment, Health and Safety Committee	4 of 4	Jan 1– Dec 31	100%
Human Resources Committee	4 of 4	Jan 1– Dec 31	100%

Other Public Company Boards/Committee Memberships

None

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	29,000	40,082	69,082	$ 1,534,311	22,512	Yes
2010	29,000	37,204	66,204	$ 1,793,472		
Change	0	2,878	2,878	$ (259,161)		

Value of Total Compensation Received

2011	$ 154,920
2010	$ 153,755

JAMES E.C. CARTER – EDMONTON, ALBERTA, CANADA
- Age: 62
- Director since: 2007
- Independent Director

Areas of Expertise: CEO/SEO, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

Mr. Carter is a Corporate Director. Mr. Carter retired from Syncrude Canada Ltd. in 2007 after twenty-eight years, including 10 years as President and 18 years as Operations Chief. He currently serves on the Boards of Directors of EPCOR Utilities Inc., Clark Builders, the Climate Change Emissions Management Corporation, Alberta Treasury Branch Financial, CAREERS: The Next Generation and the Edmonton Symphony Orchestra. 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 is a registered professional engineer in the Province of Alberta and a Fellow of the Canadian Academy of Engineering. He holds a Bachelor of Engineering Degree in Mining Engineering, Technical University of Nova Scotia (now Dalhousie Engineering), and is a graduate of the Advanced Management Program at Harvard Graduate School of Business Administration. Mr. Carter has also been awarded honorary doctorates by three Canadian universities.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	100%
Human Resources Committee	4 of 4	Jan 1 – Dec 31	100%
Pension Committee, Chair	3 of 3	Jan 1 – Dec 31	100%
Special Committee	6 of 6	May 30 – Dec 31	100%

Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
EPCOR Utilities Inc.	Utility	Director and member of the Audit Committee and Chair of the Environment, Health and Safety Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	10,000	26,866	36,866	$ 818,794	4,502	Yes
2010	10,000	22,299	32,299	$ 874,987		
Change	0	4,567	4,567	$ (56,193)		

Value of Total Compensation Received

2011	$ 155,500
2010	$ 147,915

HON. DAVID L. EMERSON PC, OBC – VANCOUVER, BRITISH COLUMBIA, CANADA

- Age: 66
- Director since: 2008
- Independent Director

Areas of Expertise: CEO/SEO, Growth, Industry Experience, Banking, Financial Leadership, Environment, Health & Safety, Governance, Government

Mr. Emerson PC, OBC is a Corporate Director, Public Policy Advisor and senior advisor to CAI Managers, a private equity fund. Nationally, he has held senior positions with the Government of Canada, including: Minister of Foreign Affairs, Minister of International Trade with responsibility for the Asia Pacific Gateway initiative and the 2010 Vancouver Olympics and Minister of Industry. In British Columbia, Mr. Emerson was the Province's Deputy Minister of Finance, Secretary to Treasury Board, Deputy Minister to the Premier and Secretary to Cabinet. His leadership roles in the private sector included: President and CEO of Canfor Corporation, President and CEO of the Vancouver International Airport Authority and Chairman and CEO of Canadian Western Bank. Mr. Emerson is currently Board Chair of TimberWest Forest Corporation and serves on the Boards of Directors of Stantec Inc. and Postmedia Network Inc. In addition, Mr. Emerson is Co-Chair, Prime Minister's Advisory Committee on the Public Service and a member of China Investment Corporation International Advisory Council. Mr. Emerson is a recipient of the Order of British Columbia and the Peter Lougheed Award of Excellence in Public Policy.

Mr. Emerson holds a Bachelor and Master Degree in Economics from the University of Alberta and a Doctorate in Economics from Queen's University.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Corporate Governance Committee, Chair	4 of 4	Jan 1 – Dec 31	100%
Pension Committee	2 of 3	Jan 1 – Dec 31	67%
Special Committee, co-Chair	6 of 6	May 30 – Dec 31	100%

Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
Post Media Network Inc.	Newspaper publishing company	Director and member of the Audit Committee and the Governance & Nominating Committee
Stantec Inc.	Design and consulting service company	Director and member of the Audit Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	7,300	15,898	23,198	$ 515,228	4,502	Yes
2010	7,300	13,492	20,792	$ 563,260		
Change	0	2,406	2,406	$ (48,032)		

Value of Total Compensation Received

2011	$ 151,000
2010	$ 142,308

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

- Age: 58
- Director since: 2007
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Banking, Financial Leadership, Compensation Leadership, Governance, Government

Ms. O'Neill is a Corporate Director. Prior to 2005, Ms. O'Neill 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 TMX Group Inc., ARC Resources Limited, Invesco Canada Funds (Invesco Canada Fund Inc. and Invesco Corporate Class Inc. boards, and Invesco Canada Funds Advisory Board, Independent Review Committee) and Canadian Tire Bank, a subsidiary of Canadian Tire Corporation. Ms. O'Neill is past Chair of St. Joseph's Health Centre Foundation and is involved in several non-profit organizations.

Ms. O'Neill is accredited through the Institute of Corporate Directors / Rotman School of Management Director's Education Program, holds a Bachelor of Commerce Degree (with Honours) from the University of Toronto and is a Fellow of the Ontario Institute of Chartered Accountants.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee, Chair and designated financial expert	4 of 4	Jan 1 – Dec 31	100%
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	100%
Human Resources Committee	4 of 4	Jan 1 – Dec 31	100%
Pension Committee	3 of 3	Jan 1 – Dec 31	100%
Special Committee	5 of 6	May 30 – Dec 31	83%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
ARC Resources Limited	Oil & Gas	Director and member of the Audit Committee and the Human Resources Committee
Invesco Canada Funds Advisory Board and Independent Review Committee and boards of Invesco Corporate Class Inc. and Invesco Canada Fund Inc.	Mutual fund	Member of Funds Advisory Board and Independent Review Committee, Director and Chair of the Audit Committee of Invesco Corporate Class Inc. and Invesco Canada Fund Inc.
TMX Group Inc.	Stock exchange	Director and member of the Finance and Audit Committee and the Governance Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	14,000	19,548	33,548	$ 745,101	4,502	Yes
2010	14,000	14,762	28,762	$ 779,151		
Change	0	4,786	4,786	$ (34,050)		

Value of Total Compensation Received

2011	$ 173,500
2010	$ 164,308

CHRISTOPHER W. PATTERSON – GREENSBORO, NORTH CAROLINA, UNITED STATES

- Age: 57
- Director since: 2010
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Environment, Health & Safety, Governance

Mr. Patterson is a Corporate Director. From April 2005 until his retirement in June 2009, he was President and Chief Executive Officer of Daimler Trucks North America LLC. Prior to 2005, he held progressively senior executive positions with Freightliner LLC, predecessor to Daimler Trucks North America, including Senior Vice President, Service and Parts and was Executive Vice President, Sales and Marketing of Volvo Trucks North America. Mr. Patterson is a director of Gates Corporation and Modine Manufacturing Company.

He holds a BA degree in economics and a MBA from the University of Western Ontario.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Environment, Health and Safety Committee	4 of 4	Jan 1 – Dec 31	100%
Special Committee	6 of 6	May 30 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
Modine Manufacturing Company	Thermal management systems and components	Director and member of the Corporate Governance and Nominating Committee and the Officer Nomination and Compensation Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	375	2,778	3,153	$ 70,028	N/A(1)	N/A(1)
2010	375	628	1,003	$ 27,180		
Change	0	2,150	2,150	$ 42,848		

Value of Total Compensation Received

2011	$ 148,080
2010(2)	$ 36,250

(1) Mr. Patterson has two years from the date of his appointment to meet minimum shareholder requirements.
(2) Mr. Patterson's appointment to the Board of Directors was effective October 1, 2010. Accordingly, his 2010 Compensation reflects earnings from October 1, 2010 to December 31, 2010.

JOHN M. REID – VANCOUVER, BRITISH COLUMBIA, CANADA

- Age: 64
- Director since: 2006
- Independent Director

Areas of Expertise: CEO/SEO, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

Mr. Reid 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 boards of Methanex Corporation and Corix. 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 holds a Bachelor of Economics degree from the University of Newcastle in the United Kingdom and is a Fellow of the British Columbia and England and Wales Institutes of Chartered Accountants.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors, Lead Director[(1)]	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	100%
Human Resources Committee, Chair	4 of 4	Jan 1 – Dec 31	100%
Special Committee, co-Chair	6 of 6	May 30 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
Methanex Corporation	Methanol supply company	Director and member of the Audit, Finance and Risk Committee, the Responsible Care Committee and chair of the Human Resources Committee

Public Board Interlocks

None

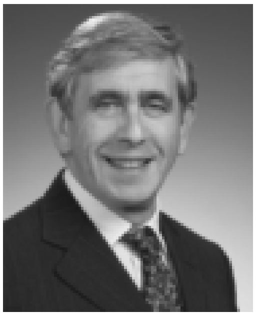
Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	20,000	19,546	39,546	$ 878,317	31,517	Yes
2010	20,000	16,370	36,370	$ 985,270		
Change	0	3,176	3,176	$ (106,953)		

Value of Total Compensation Received

2011	$ 194,500
2010	$ 174,226

(1) Mr. Reid attended meetings of various other committees of which he was not a member in his capacity as Lead Director.



ANDREW H. SIMON, OBE – BOUGY-VILLARS, SWITZERLAND
- Age: 66
- Director since: 1999
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

Mr. Simon is a Corporate Director who serves on the Boards of Directors of a number of companies including Exova Group plc, SGL Carbon SE Supervisory Board, Travis Perkins plc, Management Consulting Group plc, Icon Infrastructure Management Ltd., Icon 1A GP Limited and BCA Osprey 1 Ltd. 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/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Environment, Health and Safety Committee	4 of 4	Jan 1 – Dec 31	100%
Pension Committee	3 of 3	Jan 1 – Dec 31	100%
Special Committee	6 of 6	May 30 – Dec 31	100%

Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
Management Consulting Group plc	Consulting and professional service company	Director and member of the Audit and Risk Committee, the Nominations Committee and chair of the Remuneration Committee
SGL Carbon SE Supervisory Board	Manufacturer of carbon-based products	Director and chair of the Audit Committee and a member of the Nomination Committee and the Strategy Committee
Travis Perkins plc	Building and construction materials provider	Director and chair of the Health and Safety Committee and the Remuneration Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	35,000	42,096	77,096	$ 1,712,302	22,512	Yes
2010	35,000	39,180	74,180	$ 2,009,530		
Change	0	2,916	2,916	$ (297,228)		

Value of Total Compensation Received

2011	$ 161,920
2010	$ 155,255

BRUCE L. TURNER – SANTIAGO, CHILE

- Age: 61
- Director since: 2006
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Turner is President and Chief Executive Officer of AQM Copper Inc. and Turner Minerals S.A. Mr. Turner was formerly the President of Minera Escondida Ltda., the company that operates the Escondida copper mine in northern Chile. He played a key role in the development of the technical aspects of Bankable Feasibility Study for the Escondida project as well as the design and implementation of the organizational structure and compensation and incentive plans that formed the basis for recruiting and retaining the 2,500 employees required to operate and maintain the mine. During his 19 years at Escondida, it only experienced one 10 day partial work stoppage due to labour unrest. 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 38-year mining career, Mr. Turner was employed in progressively senior roles by BHP Billiton Limited in mining operations and projects in Canada, Chile and Australia.

Mr. Turner holds a Bachelor of Applied Science degree in Mining Engineering 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. Mr. Turner is fluent in Spanish.

Finning Board/Committee Memberships	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	100%
Environment, Health and Safety Committee, Chair	4 of 4	Jan 1 – Dec 31	100%
Human Resources Committee	4 of 4	Jan 1 – Dec 31	100%

Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
AQM Copper Inc.	Mineral Exploration and Development	Director

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	10,720	12,812	23,532	$ 522,646	22,512	Yes
2010	10,450	10,466	20,916	$ 566,617		
Change	270	2,346	2,616	$ (43,971)		

Value of Total Compensation Received

2011	$ 158,700
2010	$ 163,363

MICHAEL T. WAITES – VANCOUVER, BRITISH COLUMBIA, CANADA

- Age: 58
- Director since: 2008
- Non-Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Environment, Health & Safety, Governance

Mr. Waites is President and Chief Executive Officer of Finning. From May 2006 to May 2008, he was Executive Vice President and Chief Financial Officer of Finning. Prior to joining Finning in May 2006, Mr. Waites was Executive Vice 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 is a director of Talisman Energy Inc. and is a member of the Sauder School of Business Centre for CEO Leadership Advisory Board.

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/Committee Memberships[1]	Attendance at Meetings During 2011		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Environment, Health and Safety Committee, Chair	4 of 4	Jan 1 – Dec 31	100%

Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
Talisman Energy Inc.	Oil & Gas Exploration & Production Company	Director and member of the Audit Committee and the Reserves Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs[2]	Options[3]	PSUs[3]
2011	74,116	11,455	1,140,170	78,130
2010	68,468	11,232	1,058,180	94,744
Change	5,648	223	81,990	(16,614)

For disclosure relating to Mr. Waites' shareholdings and compensation as an executive of Finning, refer to Section V – Executive Compensation

Value of Total Compensation Received

As an employee of Finning, Mr. Waites does not receive any compensation in his capacity as a director.

(1) Mr. Waites attended meetings of various other committees of which he was not a member in his capacity as Chief Executive Officer of Finning.
(2) DSUs were granted to Mr. Waites in his capacity as a director of Finning from October 2003 to March 2006 and are to be held until retirement in accordance with the Directors' DSU plan.
(3) Options and PSUs were granted to Mr. Waites in his capacity as a senior officer of Finning.

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

- Age: 65
- Director since: 1999
- Chairman since: 2008
- Independent Director

Areas of Expertise: CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Whitehead is a Corporate Director. From 2000 to May 2008 he was the President and Chief Executive Officer of Finning. Prior to joining Finning, 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. Mr. Whitehead is a director of Ballard Power Systems Inc., Inmet Mining Corporation, International Forest Products Ltd., Kal Tire and Belkorp Industries. He is also a member of the Board of Directors of the Vancouver General Hospital and University of British Columbia Hospital Foundation.

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/Committee Memberships(1)	**Attendance at Meetings During 2011**		
	Attendance	**Term in 2011**	**% of meetings attended**
Board of Directors, Chairman	6 of 6	Jan 1 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
Ballard Power Systems Inc.	Fuel cell technology	Director and member of the Audit Committee
Inmet Mining Corporation	Mining production	Director and chair of the Compensation Committee and a member of the Safety, Environmental and Community Affairs Committee
International Forest Products Ltd.	Forestry	Director and member of the Audit Committee and chair of the Management Resources and Compensation Committee

Public Board Interlocks

None

Securities Held

Year	Common Shares	DSUs	Total	Total Market Value	Minimum Share Ownership Requirements in Units (Common Shares and DSUs)	Met Minimum Share Ownership Requirements
2011	170,299	38,233	208,532	$ 4,631,496	63,035	Yes
2010	170,299	33,820	204,119	$ 5,529,586		
Change	0	4,413	4,413	$ (898,090)		

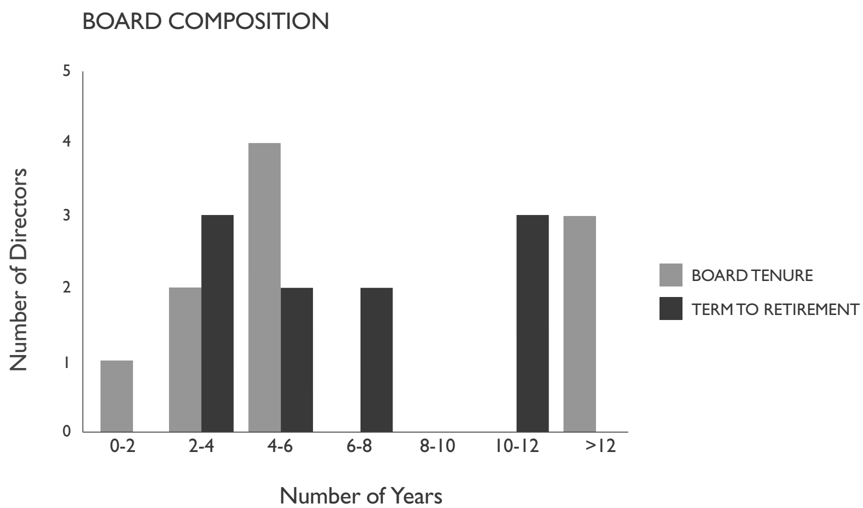
Value of Total Compensation Received

2011	$ 280,000
2010	$ 280,000

(1) Mr. Whitehead also attended meetings of various other committees, of which he was not a member, as an ex officio representative in his capacity as Chairman of the Board of Directors.

BOARD TENURE AND TERM TO RETIREMENT

The following chart shows the Board's current composition of board tenure measured as at March 15, 2012 and the respective term to mandatory retirement age of 70 as at the Annual Meeting date of May 8, 2012.



SUMMARY OF ATTENDANCE OF DIRECTORS

The following table sets out the attendance (in person and by telephone conference) of the Board of Directors at Board meetings and committee meetings of which they were members during 2011:

Directors	Board Meetings Attended	Committee Meetings Attended	Percentage of Meetings Attended
R. Bacarreza	6 of 6	12 of 12	100%
J.E.C. Carter	6 of 6	17 of 17	100%
D.L. Emerson	6 of 6	16 of 17	96%
K.M. O'Neill	6 of 6	20 of 21	96%
C.W. Patterson	6 of 6	14 of 14	100%
J.M. Reid(1)	6 of 6	18 of 18	100%
A.H. Simon	6 of 6	17 of 17	100%
B.L. Turner	6 of 6	12 of 12	100%
M.T. Waites(2)	6 of 6	4 of 4	100%
D.W.G. Whitehead(3)	6 of 6	n/a	100%

(1) Mr. Reid attends meetings of various other committees, of which he is not a member, in his capacity as Lead Director.
(2) Mr. Waites attends meetings of various other committees, of which he is not a member, in his capacity as Chief Executive Officer of Finning.
(3) Mr. Whitehead attends meetings of various other committees, of which he is not a member, as an ex officio representative, in his capacity as Chairman of the Board of Directors.

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.

Additionally, all directors are entitled to attend Board committee meetings regardless of whether they are a member of that Board committee. During the course of the year directors serving as guests participated in many committee meetings and increased annual committee meeting participation from a required attendance of 130 to over 200.

DIRECTOR INDEPENDENCE

The following table describes the independence status of each member of the Board and, where applicable, the reasons for the Board's determination that a particular director is not independent.

	Executive Director	Non-Executive Directors	
Name	Not Independent	Independent	Reason for Non-Independent Status
R. Bacarreza		X	
J.E.C. Carter		X	
D.L. Emerson		X	
K.M. O'Neill		X	
C.W. Patterson		X	
J.M. Reid		X	
A.H. Simon		X	
B.L. Turner		X	
M.T. Waites	X		President & Chief Executive Officer of Finning
D.W.G. Whitehead		X	

The Board of Directors is currently made up of ten members. The Board has considered which of its members are "independent" for purposes of National Instrument 58-101 of the Canadian Securities Administrators and has concluded that all directors, other than Michael T. Waites (who is the President and Chief Executive Officer of Finning) are independent as at the date of this circular.

In determining the independence of its members, the Board (with the assistance of the Corporate Governance Committee) assesses:

- direct or indirect material relationships with Finning which could interfere with the exercise of his/her independent judgment;
- employment by, or other relationship with, Finning or with its internal or external auditor, in which case the member will be deemed not independent until the prescribed period of three years has elapsed since the end of the service. In May, 2011 the Board of Directors considered Mr. Whitehead's status of independence. The Board of Directors deemed Mr. Whitehead to be an independent director effective May 2011, as more than three years had elapsed since his retirement as President and Chief Executive Officer of the Company;
- immediate family member relationships with Finning, its internal or its external auditor;
- any payment of fees by Finning to the member or the member's immediate family. Finning does not arrange any personal loans or extension of credit to its directors; and
- direct or indirect relationships of its members with other members of the Board.

In addition, in order to ensure that the Board can function independently from management:

- Finning has separated the role of Chairman of the Board and Chief Executive Officer;
- the Lead Director will chair all meetings of the Board at which the Chairman is not present and will assist the Chairman with board leadership responsibilities to enhance the Board's effectiveness and independence; and
- the Board further ensures its independence by convening independent director-only sessions at every Board meeting.

INTERLOCKING OUTSIDE BOARDS

In assessing the inter-relationships of Board members, Finning reviews those directors that serve on the same boards and committees of other reporting issuers. There are currently no interlocking directorships.

SECTION III – CORPORATE GOVERNANCE

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

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian Securities Administrators requires issuers, such as Finning, to disclose certain corporate governance practices they have adopted.

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

BOARD MANDATE

The Board of Directors has overall responsibility for Finning's business conduct. The Board fulfills this responsibility both directly and by delegating certain authority to Board committees and to Finning's senior management.

The direct responsibilities of the Board include:

- choosing Finning's Chief Executive Officer, who is responsible for all of Finning's day-to-day operations;
- reviewing and approving a strategic plan that takes into account an identification of business opportunities and business risks;
- overseeing and monitoring management's systems for the operations of Finning;
- monitoring and assessing Finning's performance in meeting both short and long-term goals established by the Board;
- directly reviewing and approving major transactions proposed by management;
- reviewing reports and recommendations from committees of the Board with respect to matters such as succession planning and giving necessary directions to management;
- 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 their associated press releases; and
- approval of the appointment of all corporate officers and the remuneration of all top senior executive officers, namely the Chief Executive Officer and senior executives reporting to the Chief Executive Officer.

BOARD MEETINGS

During 2011, the Board of Directors met on six occasions, including one special meeting devoted exclusively to Finning's corporate strategy and direction. All meetings were held in person. In addition, at every meeting the Board holds independent sessions without management and without non-independent directors present.

RETIREMENT POLICY

All directors are eligible for re-election until reaching age 70, and must retire, at the next annual meeting following the date on which the director reaches the age of 70. The Board may waive this policy if after conducting a thorough search, a qualified replacement director cannot be found or if the retiring director possesses such unique skills that the loss of these skills would be a material loss to Finning.

DIRECTOR NOMINATION AND SKILLS MATRIX

The Corporate Governance Committee, a committee composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. In developing these recommendations for the Board, the Corporate Governance Committee considers the candidates' competencies and skills that have been identified as desirable to enhance overall Board performance and provide synergies to support management in the achievement of their goals and Finning's strategic plans, while maintaining the Board's fiduciary responsibility to act in Finning's best interest. The Committee utilizes a skills and expertise matrix to assist with reviewing the skill set of the candidate and the Board as a whole. As the Board composition changes and as Finning's strategy evolves, the Directors' skills matrix is reviewed to ensure that the current director skill sets align with the strategic corporate goals as well as to prioritize and identify areas of future enhancements or gaps in the current skill sets of Board members. A comprehensive review and self-assessment of individual Board members' skills and expertise was completed in 2011. The results indicate that in the view of the current Board members and management, the current composition is a good strategic fit for the Corporation. The results were also utilized to perform a gap analysis which has been developed into a profile for future director candidates.

Below is a summary of the current key skills matrix, identifying those skill sets and experience desirable to support the strategic direction of Finning.

Key Skills and Experience Diversity Matrix:	Number of Nominee Directors with Expertise
STRATEGY, VISION AND GROWTH	
Chief Executive Officer/Senior Executive Officer ("CEO/SEO")	
• experience as a Chief Executive Officer or Senior Executive Officer for a publicly listed company or for a major organization with international operations	10
Diversity	
• experience with international operations that operate in the same countries as Finning's operations with a thorough understanding of cultural, regulatory and political requirements. Offers a depth of perspective from a gender, ethnic or geographic viewpoint	7
Growth	
• experience driving a clear strategic vision with focus on superior execution, experience in significant acquisitions or mergers or restructurings	10
Industry Experience	9
• industry experience as a senior officer in, mining, large construction, power generation and alternate energies	
• operational expertise in international manufacturing, heavy equipment, sales and marketing, supply chain excellence, technology and integrated solutions	
• key relationship expertise either through Caterpillar affiliations or global customer affiliate	
Banking and Financial Institutions	
• experience in investment or corporate banking, or as an economist	3
FUNCTIONAL EXPERTISE	
Financial Leadership	
• experience working as a senior officer in financial accounting, reporting, and corporate finance for a major organization and knowledge of internal controls and testing	8
Compensation Leadership	
• senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefit and pension programs, legislation and collective bargaining	7
CORPORATE SOCIAL RESPONSIBILITY	
Environment, Health and Safety	
• knowledge and experience in the areas of corporate social responsibility, community relations and environment, health and safety including knowledge of industry regulations and a commitment to best practices for workplace safety	9
CORPORATE GOVERNANCE AND OTHER KEY SKILLS	
Governance	
• experience as a board member for a publicly listed company or for a major organization	9
Government	
• broad regulatory, political and public policy experience at Canadian and international levels	6

BOARD AND COMMITTEE EVALUATIONS

Acknowledging the impact that good governance contributes to corporate effectiveness, each year the Board, facilitated by the Corporate Governance Committee, formally reviews its own performance, the performances of each committee of the Board, the committee chairs, the Chairman of the Board, and of each individual director (facilitated through one-on-one interviews with the Chairman of the Board).

Similar to past years, the 2011 process included the engagement of a third party independent consultant who conducted online surveys of Board members. For the 2011 evaluation process, and similar to the 2010 evaluations, the survey included executive management's input and perspective in relevant sections of the survey. The survey consisted of the following six components:

- Board Culture Check and Performance Review which included assessing performance on Board effectiveness related to risk management, strategic planning and decision making on critical issues, with all Board members and supporting executive management participating;
- Board Chair evaluation, with all Board members, except the Chairman participating;
- Board committee self-assessment to assess the effectiveness of each committee, with all Board committee members (including the committee chair) plus executive management who provide support for the committee participating;
- committee chair evaluations with all members of the committee (except the committee chair) plus executive management who provide support for the committee participating;
- direct interviews were conducted by the consultant with each of the Chairman, the Chair of the Governance Committee and the Chief Executive Officer; and
- individual director assessments were facilitated by the Chairman utilizing questionnaires to focus the discussion between the Chairman and the individual directors. These one-on-one director interviews continue throughout the year to continuously assess the performance and effectiveness of each director and the group as a whole.

The consultant compiled the results and provided a report to the Governance Committee and the Board on the effectiveness and performance of the Board. The results of the evaluations highlight performance items that were perceived by members or by supporting management as either higher or lower achievement areas. Performance is also measured against attributes associated with high performance organizations. The Board uses the survey results to help focus the Board in developmental areas, assess where changes are required in Board composition or skill sets, and assess where opportunities may arise to improve overall effectiveness of the Board's performance and contribute to the setting of the annual Board Objectives or raise items to focus on for future periods. Similarly, the individual committees utilize their results to highlight performance and composition areas of improvement.

The results of the 2011 directors' and senior management's assessment of the Board and its committees, as compiled by its independent third party consultant, indicated that the view of those assessed was that the Board, as currently constituted, is an effective, high performance Board of Directors, consistent with previous years' ratings.

ORIENTATION AND CONTINUING EDUCATION

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

In 2011 the Corporation began utilizing a secure board portal for the dissemination and distribution of information to the Board of Directors. All new directors are provided with access and training on the board portal, where information is maintained on historical and current board and committee meetings, in addition to governance information regarding the responsibilities of directors, guidelines and terms of references, and key policies and processes are explained.

New directors are also provided a detailed package of information describing Finning and its business. In addition, all new directors meet with senior management for detailed briefings. Briefings and materials supplied include details on:

- strategic plans;
- governance structures and codes of conduct;
- significant accounting and risk management issues, including any major litigation claims;
- financial reporting and accounting and treasury policies and procedures;
- key performance metrics utilized by Finning;
- recent regulatory filings; and
- past minutes of Board meetings.

The orientation program also involves direct visits to plant sites and facilities, where appropriate.

Each director ultimately assumes responsibility for keeping himself or herself informed about Finning's business and relevant developments outside Finning that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Finning committee meetings if they are not active members, to broaden their knowledge base and receive additional information on Finning's business and developments in areas where they are not commonly exposed.

The continuing education portion of the program involves periodic presentations on specific topics related to Finning and its business and regular visits to plant sites and facilities (including scheduling Board meetings at such sites and facilities from time to time). Educational presentations can be facilitated at Board meetings or Audit Committee meetings. For education sessions held during Audit Committee meetings, all Board members are invited to attend for that portion of the Audit Committee session. These educational sessions are primarily facilitated by management, but have also included presentations facilitated by individual directors on topics within his/her area of expertise and relevance to Finning's business. In addition, the Corporate Secretary is responsible for identifying other available relevant educational programs and informing the Board of those opportunities.

The following table lists continuing educational sessions and topical updates presented by management for the directors in 2011:

Topic	Presenter	Session held
EBIT Margin Strategy – Finning Canada	Finance Management - Canada	May Audit Committee
EBIT Margin Strategy – Finning UK	Finance Management – UK	August Audit Committee
Commodity Outlook – Mining Focus	Third Party Global Investment firms	August Board Meeting & September Special Committee Meeting
Caterpillar Strategy & Business Model	Caterpillar Executives	August Board Meeting
EBIT Margin Strategy – Finning South America	Finance Management – South America	November Audit Committee
Enterprise Risk Management – Risk Identification and Process Review	Internal Audit	November Audit Committee
Safety Site Visit to La Negra Facility near Antofagasta, Chile	Finning South America Executives	November EH&S Committee

All directors attended the education sessions presented at the Audit Committee, Special Committee and Board meetings and the Environment, Health & Safety ("EH&S") Committee members attended the EH&S safety site visit.

In 2011, the complete Board travelled with management to South America and all members visited Finning facilities in Santiago and Antofagasta in Chile and in Buenos Aires in Argentina. During this site visit, the Board toured the local head offices, service locations, component rebuild and hydraulic center operations, rental stores and visited key customer minesite locations. During each of the tours, the directors met with local management and were educated on the local culture, politics and economics of the region they visited. In addition the directors were informed on the current performance metrics and competitive landscape of that particular Finning site and the challenges and opportunities that each site encountered, which were then linked back to the overall strategy of Finning. The perspective on Finning's business obtained by the Board and the exposure of the high performance leaders to the Board is an important aspect of Finning's Board education program.

During the year, certain directors have also attended education sessions independently. The 2011 sessions entailed offerings from Audit Committee Conferences, the Institute of Corporate Directors, the Directors' College, Audit firms, the Chilean Management Institute and the Chilean Central Bank, and included local government agencies, independent consultants, and attendance at other Boards' education sessions. The topics included:

- board effectiveness;
- board governance and education;
- commodity hedging;
- corporate tax issues;
- executive compensation;
- future of technology applications – financial services sector;
- global and regional economic outlooks;
- IFRS;
- internal audit in a demanding risk and governance environment;
- public policy participation on such matters as energy and environmental strategies; and
- project management – managing risk.

KEY POLICIES

As part of its oversight responsibilities, the Board has approved a number of policies to ensure employees at all levels maintain Finning's high standards of governance. These include:

- Code of Conduct;
- Code of Ethics for Senior Executive and Financial Management;
- Corporate Disclosure Policy;
- Employee Privacy Policy;
- Policy on Share Trading, Hedging and Use of Material Information; and
- Whistleblower Policy.

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

ETHICAL BUSINESS CONDUCT

As noted above, Finning has adopted a Code of Conduct (the "Code") which governs the behaviour of all directors, officers and employees of Finning and its subsidiaries. The Code sets out the fundamental terms upon which Finning 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 can be found on Finning's website at *www.finning.com*.

The Board monitors compliance with the Code through the Audit Committee. Suspected Code violations are reported to the Audit Committee through the Global Ethics Committee chaired by the Compliance Officer (the Corporate Secretary). The Global Ethics Committee investigates and, where appropriate, delegates to Regional Ethics Committees. The Global and Regional Ethics Committees are management committees.

POSITION DESCRIPTIONS

The Board has adopted and approved a number of written position descriptions and mandates ("Terms of Reference") for:

- the Board of Directors (attached hereto as Schedule C) and general Guidelines for the Board of Directors;
- the President and Chief Executive Officer;
- the Chair;
- the Lead Director;
- each committee of the Board: Audit Committee; Human Resources Committee; Corporate Governance Committee; Environment, Health and Safety Committee; Pension Committee; Special Committee; and
- the External Auditor.

Links to some of Finning's governance policies and documents can be found in the Governance section of Finning's website at *www.finning.com*. In addition, any shareholder may request paper copies by contacting the Corporate Secretary.

COMMUNICATIONS WITH THE BOARD

Shareholders, employees and other interested parties may communicate directly with the Board of Directors, through the Chairman of the Board, in writing to:

Chairman, Board of Directors
c/o Corporate Secretary
Finning International Inc.
1000 – 666 Burrard Street
Vancouver, B.C. V6C 2X8

Please send your communication in a sealed envelope and mark it *Private and Confidential*. Your envelope will be delivered unopened to the intended recipient.

ADVISORY VOTE

In 2011, shareholders had an opportunity to vote on Finning's approach to executive compensation. This was an advisory and non-binding vote and a large majority (97.12%) of shareholders voted in favour of our approach to executive compensation. In 2012, the Board will again provide shareholders with a Say on Pay advisory vote at the 2012 annual meeting as an important part of the ongoing process of engagement between Finning's shareholders and the Board.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board carries out its responsibilities directly and through its committees, which make recommendations to the Board for approval. There are currently five standing committees of the Board of Directors:

- the Audit Committee;
- the Human Resources Committee;
- the Corporate Governance Committee;
- the Environment, Health and Safety Committee; and
- the Pension 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 addition to the five standing committees, in May 2011 a Special Committee of the Board of Directors was established by the Board to assess the business merits and make a recommendation to the full Board on the potential acquisition from Caterpillar Inc. ("Caterpillar") of the distribution portion of the business owned by Caterpillar as a result of its recently completed acquisition of Bucyrus International Inc. ("Bucyrus"). In January 2012, the Special Committee recommended the Board approve the transaction and the Board accepted the recommendation. The Special Committee will terminate at the Board's request or upon its final report to the Board which is anticipated at the final closing of the transaction.

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 Committee 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 and the Special Committee, ensures their independence by convening independent director-only sessions at every meeting.

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

The following reports of the committees of the Board of Directors describe the composition, mandate and report on activities for 2011 undertaken by each of the committees of the Board.

AUDIT COMMITTEE: MANDATE AND REPORT

MANDATE

The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders with respect to Finning's:

- ethical business conduct;
- financial statements;
- financial reporting process;
- systems of internal and disclosure controls;
- internal audit function;
- external audit function;
- financial arrangements and liquidity; and
- 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 management of Finning. 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 Finning. It is also empowered to retain outside counsel or other experts as required.

COMMITTEE MEMBERSHIP

Name	Independent
K.M. O'Neill, Chair and Financial Expert	Yes
R. Bacarreza	Yes
D.L. Emerson	Yes
C.W. Patterson	Yes
J.M. Reid	Yes
A.H. Simon	Yes

Douglas W.G. Whitehead attends meetings of the Audit Committee in his capacity as Chairman of the Board. All Committee members must be independent and financially literate (as such terms are defined in National Instrument 52-110 – *Audit Committees of the Canadian Securities Administrators*) and at least one member is required to have accounting or related financial management expertise. K.M. O'Neill, the current Chair of the Audit Committee is also the designated "financial expert".

MEETINGS

The Committee met four times in 2011 and achieved 100% attendance at all meetings. In addition, at every Committee meeting the members held sessions without management present.

EXTERNAL AUDITOR

Deloitte & Touche LLP ("Deloitte") has been Finning's external auditors since 2002. The Audit Committee has the oversight responsibility for reviewing Deloitte's performance, qualifications, independence and audit of Finning's financial statements.

Services provided by the external auditor are:

Audit Services

Audit Services generally relate to reviewing annual and interim financial statements and notes, conducting the annual audit and providing other services regulators may require of auditors.

Audit-Related Services

Audit-related services include assurance and related services, such as audits of Finning's pension plans that are reasonably related to the performance of the annual audit, and assistance with Finning's IFRS transition. IFRS services provided by the external auditor included a review of accounting policy choices and any related adjustments to Finning's opening balance sheet under IFRS, as well as 2010 IFRS quarterly comparative financial statements.

Tax Services

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 and personal tax assistance.

Other Services

Other services would include any non audit-related or non-tax services. There were no other services provided in 2011 or 2010.

EXTERNAL AUDITOR FEES

Fees paid or accrued by Finning and its major business units or subsidiaries for audit and other services provided by Deloitte during 2011 and 2010 were as follows:

Type of Service	2011(1)	2010(1)
Audit Services	$ 2,124,733	$ 1,882,987
Audit-Related Services	268,424	464,417
Tax Services	45,568	21,500
Other Services	–	–
Total:	**$ 2,438,725**	**$ 2,368,904**

(1) Amounts were billed in various currencies and converted to Canadian dollars using the exchange rates in existence at the time of billing.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted a formal policy requiring the pre-approval of services to be provided by Deloitte, 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 service engagements that have not been pre-approved. Under no circumstances will Finning'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 for purposes of performing audit services for Finning. In addition, Deloitte is required to comply with the terms of Finning's "Terms of Reference for External Auditors".

RISK MANAGEMENT

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

HIGHLIGHTS

Key areas of focus for the Committee included the following activities for 2011:

Financial Statements

- reviewed and approved quarterly and annual consolidated financial statements, management's discussion and analysis, and quarterly earnings press releases for 2011;
- reviewed Finning's financial arrangements and liquidity;
- review and oversight of transition to from Canadian Generally Accepted Accounting Principles to International Financial Reporting Standards ("IFRS");
- reviewed significant accounting principles and disclosures in accordance with IFRS; and
- reviewed IFRS Accounting updates including new, pending, and amended standards.

External Auditor

- reviewed and recommended selection of the external auditor and compensation for the current year;
- met independently with the external auditor at each meeting;
- reviewed reports of the external auditor following quarterly reviews and annual audit;
- pre-approved all audit and non-audit services performed by the external auditor, including work performed in conjunction with Finning's transition to IFRS; and
- reviewed and approved the annual Audit Plan of the external auditor.

Internal Auditor

- reviewed internal audit function and effectiveness;
- conducted post implementation reviews with a focus in 2011 on the Finning (Canada) business recovery and its pre and post Enterprise Resource Planning implementation work;
- met independently with the internal auditor at each meeting;
- reviewed and approved the annual internal audit plan;
- reviewed internal audit reports and progress to audit plan; and
- reviewed and approved amendments to the internal audit charter.

Risk Management, Internal Controls and Information Systems

- reviewed effectiveness of internal controls and management of major financial risk exposures;
- reviewed internal controls to ensure production of reliable financial statements; and
- reviewed an update of management's process and approach to Enterprise Risk Management.

Treasury

- reviewed internal capital restructuring for investments;
- reviewed insurable risks and insurance coverage;
- reviewed and approved financial investment criteria and policies;
- reviewed and approved amendments to Finning's capital structure;
- reviewed terms of USD private placement and refinancing of global credit facility;
- reviewed Director and Officer Insurance Program; and
- reviewed Dividend Policy.

Compliance

- provided oversight with respect to compliance with legal and regulatory requirements;
- reviewed CEO/CFO certification process for interim and annual financial statements;
- reviewed process to identify disclosure controls and internal controls for financial reporting and the effectiveness of these controls for 2011;
- reviewed and approved the Board Chairman and CEO's expenses for 2011;
- reviewed the effectiveness of the Ethics Program;
- reviewed and approved amendments to the Ethics Program Charter and monitored compliance with Finning's Code of Conduct;
- reviewed Ethical Business Conduct results from Global Ethics Committee; and
- reviewed and approved amendments to the Committee's Terms of Reference and completed the Committee's self-assessment and assessment of the Committee Chair.

Succession Planning

- reviewed the senior finance management talent pool; and
- reviewed potential CFO successor candidates and assessed the readiness of candidates to fill the CFO role on an emergency basis; on a short-term and longer-term basis.

For more information regarding the Audit Committee and its mandate, please refer to the section entitled "Audit Committee" in Finning's most recent Annual Information Form, which is available at *www.sedar.com* and on Finning's website at *www.finning.com*.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2011.

HUMAN RESOURCES COMMITTEE: MANDATE AND REPORT

MANDATE

The Human Resources Committee provides oversight of the design of Finning's compensation programs and policies and also provides recommendations to the Board of Directors on key compensation and human resources matters. The Committee makes recommendations to the full Board of Directors with respect to executive and key employee continuity, succession planning, and any changes to Finning's executive compensation program that the Committee considers to be necessary from time to time.

COMMITTEE MEMBERSHIP

Name	Independent
J.M. Reid, Chair	Yes
R. Bacarreza	Yes
J.E.C. Carter – Pension Lead Director	Yes
K.M. O'Neill	Yes
B.L. Turner	Yes

Each member of the Committee is considered to possess the knowledge and experience in human resources and compensation matters to positively contribute to the Committee's work. All members have experience in compensation matters as former or current Chief Executive Officers or senior executive officers and two members, one of which is the current Chair of the Committee, currently sit on compensation committees for other publicly traded companies.

MEETINGS

In 2011, the Committee met four times and achieved 100% attendance at all meetings. In addition, during 2011 there was a joint meeting of the Human Resources Committee and the Pension Committee, which was attended by all members of both the Human Resources and Pension Committees. In addition, at every Committee meeting the members held sessions without management present.

HIGHLIGHTS

In 2011, the Committee focused on a number of key areas in human resources and compensation matters, including the following:

Executive Compensation

Following the comprehensive review of the Corporation's executive compensation undertaken in late 2010 and early 2011, several changes occurred, such as:

- incentive plan redesign, including a shift to granting units under the long-term incentive plans based on market competitive data instead of prior year ROE performance;
- updates to performance measures in the short-term incentive plan that enable further alignment with Finning's strategic plan; and
- modifications to performance level thresholds and maximums to ensure alignment with stakeholders and market practice.

Also, in conjunction with the Pension Committee, the Committee:

- continued the review of the Corporation's defined benefit pension plan design with management, considering sustainability of the current plans in the longer term; and
- reviewed the level of contributions provided by the defined contribution ("DC") pension plan applicable for non-executive and executive UK employees for market competitiveness and approved new contribution rates to take effect in 2012, including review of related employee communication and consultation plans.

Performance Assessments

- reviewed and approved performance goals for the Chief Executive Officer;
- reviewed and approved 2011 short-term incentive payments based on achievement of certain financial, safety, and individual performance targets for the CEO and other senior executives; and
- approved 2009 Performance Share Unit payout.

People Strategy

- reviewed Finning's People Strategy and project plans specific to ensure planned succession for key executive roles and further enable a high performance culture. People strategy was a strong focus for the Board in 2011, including at the annual Board strategy session.

Succession Planning and Leadership Development

- as part of Finning's formal succession planning process, reviewed the executive talent pool, succession plans, and contingency planning for the CEO and the top senior executive positions deemed critical for the success of Finning;
- reviewed organizational structure and design;
- reviewed development plans for all executive roles;
- also, as part of Finning's formal succession planning process, reviewed potential CEO successor candidates, the performance of those individual executives in their current roles, and assessed the readiness of candidates to fill the CEO role;
- as part of ensuring adequate exposure of CEO successor candidates to the Board, candidates regularly make presentations at Board meetings and also participate in Board and Company functions. In addition, the Board and the CEO also ensure that members of the senior management team present topical materials and/or lead education sessions at Board meetings to increase their exposure to the Board;
- reviewed, without management present, the CEO succession plans with the Board of Directors; and
- identified specific development plans and career planning for executive succession candidates and high potential individuals.

Employee Culture and Engagement

- reviewed results and action plans relating to Finning's annual Employee Opinion Survey.

Leadership Team Appointments

- appointment of one executive position (President, Finning Canada) who reports to the CEO.

Compliance

- reviewed share ownership guidelines against comparator group and emerging trends;
- adoption of executive compensation hedging policy clause within the Share Trading, Hedging & Use of Material Information policy; and
- reviewed and approved amendments to the Committee's Terms of Reference and completed the Committee's self-assessment and assessment of the Committee Chair.

The Committee considers that it has appropriately fulfilled its mandate for the year ended December 31, 2011.

ADVISORS TO THE COMMITTEE AND FINNING

Towers Watson, an independent compensation consultant, has been retained by the Committee since 2010 to provide advice in respect of Finning's executive compensation practices. Management can also retain Towers Watson on compensation matters from time to time but must obtain approval from the Committee Chair for any consulting project with fees expected to exceed $10,000. If projects are undertaken by management that are below this threshold and the total fees related to such projects combined are expected to exceed $30,000, then approval must also be requested. In 2011, Finning management also continued to retain Towers Watson to perform other work related to retirement and benefit programs.

In addition, in making its compensation-related decisions and recommendations, the Committee reviews comparative market data provided by Hay Group, an independent compensation consultant retained by management since 1998. Hay Group provides management with a comprehensive executive compensation review at least every three years. A full review was last conducted by Hay Group in 2011. In the years between comprehensive reviews, Hay Group provides high level updates on compensation trends which the Committee can consider in making their decisions on executive compensation.

The following table provides a breakdown of services provided by Towers Watson and Hay Group as well as fees paid in the last 2 years to both consultants:

	2011		2010	
Nature of Work	Towers Watson	Hay Group	Towers Watson	Hay Group
Executive Compensation Related Fees (Board)	$ 60,500	$ 0	$ 97,500[(1)]	$ 0
Executive Compensation Related Fees (Management)	44,000	79,500	0	84,000
All Other Fees (Non-executive compensation consulting, retirement [actuarial, administration and general advice] and benefit programs)	574,100	0	953,800	25,300
Total	**$ 678,600**	**$ 79,500**	**$ 1,051,300**	**$ 109,300**

(1) During 2010, the Committee also obtained consulting advice from Hewitt Associates, with fees totalling $8,500.

CORPORATE GOVERNANCE COMMITTEE: MANDATE AND REPORT

MANDATE

The Corporate Governance Committee provides assistance to the Board by focusing on corporate governance programs and in establishing and monitoring corporate governance principles that will enhance corporate performance. The Committee has oversight for Finning's Code of Conduct. In addition, the Committee manages the evaluation process to monitor the effectiveness of the Board, its committees and individual directors and has responsibility for establishing a process for identifying, recruiting, appointing and re-appointing directors and succession planning for the Chairman of the Board. The Committee also has responsibility for providing ongoing development of current Board members.

A healthy governance culture also demands that both management and the Board engage in continuous constructive discussions to delineate their respective roles to best support Finning and its shareholders as business and regulatory environments continue to evolve. The Corporate Governance Committee, together with the Chairman of the Board and the Chief Executive Officer and Lead Director, share the responsibility for developing annual objectives for the Board of Directors. The 2011 objectives developed by the Committee for the Board of Directors focused on the following:

- efficiency and effectiveness;
- business and organizational development;
- enterprise risk management;
- project execution;
- Board composition; and
- key supplier knowledge.

These annual objectives are incorporated into the annual performance assessment of the Board and the Board's performance against these objectives is reported through the annual assessment process, utilizing an independent third-party consultant.

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.

COMMITTEE MEMBERSHIP

Name	Independent
D.L. Emerson, Chair	Yes
J.E.C. Carter	Yes
K.M. O'Neill	Yes
J.M. Reid	Yes
B.L. Turner	Yes

MEETINGS

The Committee met four times during 2011 and achieved 100% attendance at all meetings. At every Committee meeting the members held sessions without management present.

HIGHLIGHTS

Key areas of focus for the Committee included the following activities for 2011:

Board Composition, Planning and Director Nominations

- reviewed and defined skills, competencies and expertise of existing Board members and alignment to the Strategic Plan of Finning;
- reviewed Board succession planning and identified skill sets and expertise requirements for potential future director nominees;
- completed assessment of existing and future membership of Board committees;
- undertook review of the 2011 director compensation with no increase recommended; and
- reviewed and enhanced share ownership guidelines for the Board of Directors reflecting industry best practices.

Governance

- developed annual Board objectives, together with the Chairman of the Board, Chief Executive Officer and Lead Director;
- completed an annual review of all Board Committee and Lead Director Terms of Reference, including Board Guidelines and the Code of Conduct;
- reviewed the Special Committee Terms of Reference, a new sub-committee of the Board to oversee the potential Bucyrus acquisition;
- reviewed and approved amendments to the Committee's Terms of Reference and completed the Committee's self-assessment and assessment of the Committee Chair;
- reviewed and approved amendments to the Corporate Disclosure Policy;
- implementation of a Board portal to facilitate a more efficient and effective method of distributing materials and communicating with the Board; and
- updated the Board Policy Manual on the Board portal.

Shareholder Communications

- adopted Say on Pay advisory vote for shareholders at 2011 Annual Meeting which received 97.12% shareholder approval;
- approved a Say on Pay advisory vote for shareholders at the 2012 Annual Meeting; and
- monitored current trends in disclosure.

Director Orientation and Education

- completed evaluation of Board orientation process; and
- ensured education sessions and topical updates for directors were provided in 2011 (for details, see Orientation and Continuing Education on page 22),
  - quarterly EBIT margin strategy sessions;
  - Caterpillar strategy & business model review;
  - commodity outlook (mining);
  - enterprise risk management – risk identification and process review; and
  - Board visit to Chile and Argentina.

Performance Evaluations

- conducted a Board Culture Check Survey with Board members and a performance assessment of committees and committee chairs and individual director evaluations, which were facilitated by an independent third party consultant.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2011.

ENVIRONMENT, HEALTH AND SAFETY COMMITTEE: MANDATE AND REPORT

MANDATE

The Environment, Health and Safety Committee ("EH&S") provides assistance and counsel to the Board and management of Finning 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 Finning management, that its employees and contractors enjoy a safe and healthy workplace.

The Committee pursues the corporate goal of eliminating environmental incidents, work related injuries and occupational illnesses in the workplace through adoption, monitoring and enforcement of policies and procedures designed to meet or exceed the environment, health and safety goals that Finning has set for itself and applicable regulatory requirements.

COMMITTEE MEMBERSHIP

Name	Independent
B.L. Turner, Chair	Yes
R. Bacarreza	Yes
C.W. Patterson	Yes
A.H. Simon	Yes
M.T. Waites	No

The Terms of Reference for the Environment, Health and Safety Committee require that it be comprised of at least three directors, two of whom must be independent and one of whom must be the Chief Executive Officer.

MEETINGS

The Committee met four times during 2011 and achieved 100% attendance at all meetings. At every Committee meeting the independent directors held sessions without management present.

HIGHLIGHTS

Key areas of focus for the Committee included the following activities for 2011:

Monitor and assess EH&S management systems and policies:

- reviewed Accident Investigation Reporting and Root Cause Analysis consistent with its mandate to audit EH&S systems and performance;
- reviewed lost time injuries, significant near misses and corrective actions;
- monitored safety performance and continued focus on risk prevention with job hazard analysis and near miss reporting with increasing focus on total recordable injury reporting;
- implementation of fall protection plan;
- reviewed EH&S policies and encouraged the sharing of best practices and the setting of cardinal rules amongst the operations and with key customers;
- reviewed and monitored the occupational health programs and communications to employees on various health topics;
- reviewed the results of environmental audits performed in the year and ensured compliance with international standards and regulations;
- reviewed environmental performance metrics and encouraged the establishment of a carbon footprint for each operation;
- participated in an on-site safety inspection at the La Negra facility near Antofagasta, Chile during the Board of Directors' visit in November 2011; and
- reviewed and amended the Committee's Terms of Reference and completed the Committee's self-assessment and assessment of the Committee Chair.

External Recognition for Finning's EH&S Performance:

- Canada: Finning (Canada) was ranked #1 for safety among Caterpillar dealerships in North America and received the Caterpillar dealership marketing award for best internal safety communication plan. In addition, Finning (Canada) maintained its COR (Certificate of Recognition) safety certificate and received an award recognizing its contributions to NAOSH (North American Occupational Safety & Health) week.
- South America: During 2011 Finning received several awards from large customers for health and safety performance at their operations and Finning branches. The most prestigious recognition came from the Mutual Insurance Company, which awarded Finning for its outstanding safety management, reflected in the excellent 2010 results achieved in all its branches and mining contracts throughout the country.
- UK & Ireland: Finning (UK) expanded its EH&S external accreditation for ISO 9001 (Quality Management system), ISO 14001 (Environment Management system) and OHSA 18001 (Health & Safety Management system) to the Ireland operations. Finning (UK)'s leading EH&S performance was recognized once again by winning the Engineering Services Sector award by the Royal Society for the Prevention of Accidents.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2011.

PENSION COMMITTEE: MANDATE AND REPORT

MANDATE

The Pension Committee provides assistance to the Board in overseeing Finning's pension plans, including registered pension plans and supplemental pension arrangements. This oversight includes the responsibility to analyze policies and strategies developed by management in the area of pensions and to review Finning's performance with respect to meeting its fiduciary obligations as they relate to Finning's pension plans.

Items to be addressed by the Pension Committee include, but are not limited to:

- governance;
- compliance;
- plan design;*
- benefit strategy;*
- investment strategy;
- funding policies;
- ongoing performance of the plans and their investments; and
- selection of certain advisors.

*In conjunction with the Human Resources Committee

COMMITTEE MEMBERSHIP

Name	Independent
J.E.C. Carter, Chair	Yes
D.L. Emerson	Yes
K.M. O'Neill	Yes
A.H. Simon	Yes

MEETINGS

The Pension Committee met three times during 2011 and achieved 92% attendance for all meetings. In addition, during 2011 there was a joint meeting of the Human Resources Committee and the Pension Committee, which was attended by all members of both the Human Resources and Pension Committees. At every Committee meeting the members held sessions without management present.

HIGHLIGHTS

Key areas of focus for the Committee included the following activities for 2011:

Governance

- completed annual governance review, including governance structure, processes and Terms of Reference for both the Committee and the Management Pension Committee; and
- completed a Committee self-assessment on its performance and an assessment of the Committee Chair.

Compliance

- reviewed Annual Compliance Report confirming compliance of all pension plans with Pension Legislation, the plan documents and related corporate policies.

Pension Strategy

- monitored progress of risk reducing strategies approved in 2010 for the assets and liabilities of the defined benefit ("DB") pension plans and approved refinements to the strategies.

Plan Design, in conjunction with the Human Resources Committee

- continued the review of plan design with management, considering sustainability of the current plans in the longer term; and
- reviewed the level of contributions provided by the defined contribution ("DC") pension plan applicable for non-executive and executive UK employees and approved new contribution rates to take effect in 2012, including review of related communication and consultation plans.

Financial Position of Plans

- monitored financial position of pension plans; and
- reviewed and approved funding policy, including ongoing consideration of the adequacy of amounts being contributed to the DB pension plans.

Investments

- reviewed investment strategy and policies;
- reviewed investments and fund managers; and
- monitored current strategies designed to lower equity risk exposure in favour of fixed income investments that better match liabilities over time as funded ratios improve and approved refinements to the strategies.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2011.

SPECIAL COMMITTEE: MANDATE AND REPORT

MANDATE

The Special Committee was established by the Board of Directors in May, 2011 to assess the business merits, prepare a report and make a recommendation to the full Board of Directors on the potential acquisition from Caterpillar of the Bucyrus distribution business in Finning's territories. In particular, this Special Committee was formed to enhance efficiency and effectiveness in the assessment of the potential acquisition. The primary purpose of the Committee is to assist the Board in fulfilling its fiduciary responsibility to shareholders to maximize shareholder value and provide strategic oversight.

COMMITTEE MEMBERSHIP

Name	Independent
J.M. Reid, co-Chair	Yes
D.L. Emerson, co-Chair	Yes
J.E.C. Carter	Yes
K.M. O'Neill	Yes
C. Patterson	Yes
A.H. Simon	Yes

Each member of the Committee is considered to be financially literate and offer acquisition or industry experience.

MEETINGS

The Special Committee met six times during 2011 and achieved 97% attendance at all meetings. All of the meetings were held by telephone conference call. In addition, at every Committee meeting the members held sessions without management present.

HIGHLIGHTS

Key areas of focus for the committee included the following activities:

- engaged independent legal counsel to review legal agreements associated with the transaction and render an opinion on the risk assessment of the transaction;
- reviewed management's due diligence;
- received and considered advice from financial advisors regarding the fairness, from a financial point of view, of the proposed transaction;
- reviewed management's valuation of the business;
- considered strategic alternatives to the transaction; and
- recommended to the Board to proceed with the transaction under the terms of the agreement and in conjunction with management's recommendations.

The Committee is satisfied that it has appropriately fulfilled its mandate for the period ended December 31, 2011.

SECTION IV – BOARD OF DIRECTORS COMPENSATION

DIRECTOR COMPENSATION PLAN

The objectives of Finning's director compensation program focus on the following elements:

- philosophy and objectives;
- evaluating the program against comparative Canadian companies;
- fees and retainers and equity-based compensation; and
- share ownership requirements.

Each of these elements is described in more detail below.

PHILOSOPHY AND OBJECTIVES

Finning's main objective in designing the directors' compensation plan, has been to develop a plan which supports the successful recruitment and retention of qualified individuals to serve as members of its Board. The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of their roles. Directors who are also employees of Finning or its subsidiaries do not receive any additional remuneration for acting as directors.

In its effort to align the interests of members of the Board with those of our shareholders, Finning directors are required to meet minimum shareholder guidelines and receive equity-based compensation in the form of DSUs as part of the overall director compensation program. 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 establishing an effective directors' compensation plan, Finning strives to achieve a level of director compensation that is competitive and that achieves the median level of compensation paid by companies that are comparable in size and in a similar business.

EVALUATING THE PROGRAM

The Governance Committee reviews directors' compensation annually and makes recommendations to the Board. Director compensation underwent a comprehensive third-party review in May 2008. As a result, increases were made to individual directors' total retainers and to the Audit Committee Chair's retainer to more closely align with market median practice. In addition, the payment of additional fees to the Lead Director was also approved.

In 2011, as part of Finning's annual review and in-lieu of a third-party comprehensive review, director compensation was assessed and reviewed both by management and the Governance Committee for competitiveness against the comparator group utilized for executive compensation detailed later on page 40. The director compensation comparator group utilized the Canadian comparator group and was comprised of the publicly listed Canadian companies within this group. These companies were considered appropriate director compensation comparator companies due to their similar industry, focus and size in terms of revenue. In evaluating compensation for directors, the Committee considered both total compensation by relative Board roles, total compensation mix between cash and equity-based components and relative comparator group rankings in these areas. The Board approved the Corporate Governance Committee's recommendations that no changes be made to the director compensation program in 2011.

FEES AND RETAINERS AND EQUITY-BASED COMPENSATION

Director compensation includes:

- annual retainers and additional retainers for chairing or serving on committees;
- Board and committee meeting and conference call fees;
- travel fees, where applicable, to cover the necessary travel time to attend Board and committee meetings; and
- equity-based compensation in the form of DSUs.

The table below shows Finning's 2011 retainers and fee schedule for directors:

Directors' Remuneration	Amount $
Chairman of the Board Annual Retainer(1)	175,000
Lead Director Annual Retainer	60,000
Director Annual Retainer	40,000
Audit Committee Chair Additional Retainer	20,000
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
Travel Fee: non-resident city; same continent(2)	1,500
Travel Fee: non-resident city; different continent(2)	3,000

(1) The Chairman of the Board receives a fixed annual retainer and is not eligible for meeting fees or travel allowances.
(2) If a meeting is held at a place other than the city in which a director is resident, he/she receives a travel allowance in recognition of the time required to travel to and from the meeting.

Share-Based Awards – Deferred Share Units
Rather than granting options to directors, Finning 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 Finning or any of its subsidiaries are granted DSUs by way of an annual award based on the fair market value of Finning's Common Shares on the day preceding the annual grant date and having a value in the aggregate of $60,000. The Lead Director is granted DSUs having a value, in the aggregate of $80,000 and the Chairman is granted DSUs having a value, in the aggregate of $105,000.

Directors also have the right to receive DSUs in lieu of cash compensation payable for service as a director. DSUs are issued at the fair market value of Finning's Common Shares on the day preceding the date of issue.

In 2011, a total of 21,386 DSUs were issued to directors pursuant to the annual award. An additional 4,304 DSUs were issued in lieu of cash compensation payable for service as a director. DSUs accrue notional dividends that are allocated in the form of additional DSUs based upon the fair market value of Finning's Common Shares the day preceding the dividend payment date. A further 4,171 DSUs were granted to present directors during 2011 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 Finning, payable (at the election of the eligible director) either in cash or in Common Shares of Finning. If an eligible director elects to receive payment in the form of Common Shares, Finning 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. Directors have until December 31 of the following year they ceased to be a director to exercise their DSUs.

SHARE OWNERSHIP REQUIREMENTS
Finning and the Board of Directors believe that the interests of shareholders and directors are better aligned when the directors hold significant investments in Finning. In support of this belief, Finning has fixed minimum requirements for share ownership by Finning's directors. The terms of these requirements were increased in 2011 to reflect evolving best practices. Share ownership includes holdings of both Finning's Common Shares and DSUs. For purposes of these requirements, the annual retainer is defined to be the combination of the cash annual retainer and the value of the annual DSU grant to directors. The current share ownership requirements are:
- by no later than two years after their appointment or election to the Board, director must hold Common Shares and/or DSUs having a value equal to the annual retainer then payable to directors;
- by no later than five years after their appointment or election to the Board, directors must hold Common Shares and/or DSUs having a value equal to five times the annual retainer then payable to directors;
- once their minimum guidelines have been achieved, if a director's share ownership later falls below the minimum guidelines due to a decline in the share price, such director will have two years to restore the compliance; and
- for the purposes of these requirements, the value of the share ownership is defined as the greater of: (a) the original amount paid by the director to acquire the Common Shares or the grant value of the DSUs; and (b) the current market value of those shares and units at the point of measurement, normally the last trading day of the year.

These requirements are audited annually at the end of the calendar year by the Corporate Secretary and are reported to the Corporate Governance Committee. The most recent review indicates that all directors are in compliance with these requirements.

The Board of Directors believes that the combination of the Directors' Share Accumulation Plan (DSUs) requiring the holding of notional shares and the Share Ownership Requirements provide an effective alignment of shareholder and directors' interests.

2011 DIRECTOR COMPENSATION

The following table sets out the value of fees and other compensation paid to non-executive directors of Finning during 2011. For details on compensation paid to Mr. Waites who is an executive director of Finning, refer to Section V – Executive Compensation.

	2011 Fees Earned						Allocation of Fees Earned		
Director	Annual Cash Retainer ($)	Meeting Fees ($)	Travel Fees ($)	Total Fees and Cash Retainer ($)	Share-based Awards: Annual DSU Grant Cash Equivalent ($)	Total Compensation ($)	Cash ($)	Share-based Awards: DSUs ($)(1)	DSUs % of Total Compensation (%)(2)
R. Bacarreza	52,000	27,000	12,000	91,000	60,000	151,000	91,000	60,000	40
J.E.C. Carter	56,000	30,500	9,000	95,500	60,000	155,500	47,750	107,750	69
D.L. Emerson	59,000	29,000	3,000	91,000	60,000	151,000	91,000	60,000	40
K.M. O'Neill	69,000	35,500	9,000	113,500	60,000	173,500	56,750	116 ,750	67
C.W. Patterson	49,000	27,000	9,000	85,000	60,000	145,000	85,000	60,000	41
J.M. Reid	79,000	32,500	3,000	114,500	80,000	194,500	114,500	80,000	41
A.H. Simon	52,000	31,000	15,000	98,000	60,000	158,000	98,000	60,000	38
B.L. Turner	56,000	26,500	12,000	94,500	60,000	154,500	94,500	60,000	39
D.W.G. Whitehead	175,000	n/a	n/a	175,000	105,000	280,000	175,000	105,000	38
Total:	**647,000**	**239,000**	**72,000**	**958,000**	**605,000**	**1,563,000**	**853,500**	**709,500**	**45**

(1) Where DSUs are being issued in lieu of Board fees, they are valued based on the fair market value of Finning's Common Shares on the day preceding the grant date. For the annual DSU grant, DSUs are valued based on the fair market value of Finning's Common Shares on the day preceding the annual grant date.

(2) Indicates the portion of the director's total fees and cash retainer that is paid in DSUs and is, therefore, at risk.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

Finning ceased issuing options to non-executive directors in 2001 and as of December 31, 2011 there were no outstanding options held by non-executive directors. DSUs are the only share-based awards issued to non-executive directors and there were no share-based awards that were unvested at December 31, 2011.

	Option-based Awards				Share-based Awards		
Director	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options ($)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share Awards that have not Vested ($)	Market or Payout Value of Vested Share Awards not Paid out or Distributed ($)(1)
R. Bacarreza	n/a	n/a	n/a	n/a	n/a	n/a	890,221
J.E.C. Carter	n/a	n/a	n/a	n/a	n/a	n/a	596,694
D.L. Emerson	n/a	n/a	n/a	n/a	n/a	n/a	353,095
K.M. O'Neill	n/a	n/a	n/a	n/a	n/a	n/a	434,161
C.W. Patterson	n/a	n/a	n/a	n/a	n/a	n/a	61,699
J.M. Reid	n/a	n/a	n/a	n/a	n/a	n/a	434,117
A.H. Simon	n/a	n/a	n/a	n/a	n/a	n/a	934,952
B.L. Turner	n/a	n/a	n/a	n/a	n/a	n/a	284,555
D.W.G. Whitehead	n/a	n/a	n/a	n/a	n/a	n/a	849,155

(1) The value of the vested share awards was calculated using a Common Share value of $22.21 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out the value of all share-based and option-based compensation which vested during the year ended December 31, 2011, for each of the non-executive directors described below.

Name	Option awards – Value During the Year on Vesting ($)	Realized Gains on Option Exercises ($)	Share Awards – Value During the Year on Vesting ($)(1)(2)	Non-Equity Incentive Plan Compensation – Value Earned During the Year($)
R. Bacarreza	n/a	n/a	60,000	n/a
J.E.C. Carter	n/a	n/a	107,750	n/a
D.L. Emerson	n/a	n/a	60,000	n/a
K.M. O'Neill	n/a	n/a	116,750	n/a
C.W. Patterson	n/a	n/a	60,000	n/a
J.M. Reid	n/a	n/a	80,000	n/a
A.H. Simon	n/a	n/a	60,000	n/a
B.L. Turner	n/a	n/a	60,000	n/a
D.W.G. Whitehead	n/a	n/a	105,000	n/a

(1) Where DSUs are being issued in lieu of Board fees, they are valued based on the fair market value of Finning's Common Shares on the day preceding the grant date. For the annual DSU grant, DSUs are valued based on the fair market value of Finning's Common Shares on the day preceding the annual grant date.
(2) The Share Awards Value excludes the value of the notional dividends issued during 2011 as they are not deemed to be director compensation.

DIRECTOR OWNERSHIP

The following two tables set out the number and value of all securities held by the non-executive Directors in Finning as at December 31, 2011.

NUMBER OF SECURITIES HELD

Director	Vested Options (#)	Unvested Options (#)	Total Options (#)	Share-based Awards: DSUs (#)	Common Shares (#)
R. Bacarreza	n/a	n/a	n/a	40,082	29,000
J.E.C. Carter	n/a	n/a	n/a	26,866	10,000
D.L. Emerson	n/a	n/a	n/a	15,898	7,300
K.M. O'Neill	n/a	n/a	n/a	19,548	14,000
C.W. Patterson	n/a	n/a	n/a	2,778	375
J.M. Reid	n/a	n/a	n/a	19,546	20,000
A.H. Simon	n/a	n/a	n/a	42,096	35,000
B.L. Turner	n/a	n/a	n/a	12,812	10,720
D.W.G. Whitehead	n/a	n/a	n/a	38,233	170,299

VALUE OF SECURITIES HELD

Director	Vested Options Value ($)	Unvested Options Value ($)	Share-based Awards: DSUs Value ($)(1)	Common Shares Value ($)(1)	Total Value of all Equity Holdings ($)(1)
R. Bacarreza	n/a	n/a	890,221	644,090	1,534,311
J.E.C. Carter	n/a	n/a	596,694	222,100	818,794
D.L. Emerson	n/a	n/a	353,095	162,133	515,228
K.M. O'Neill	n/a	n/a	434,161	310,940	745,101
C.W. Patterson	n/a	n/a	61,699	8,329	70,028
J.M. Reid	n/a	n/a	434,117	444,200	878,317
A.H. Simon	n/a	n/a	934,952	777,350	1,712,302
B.L. Turner	n/a	n/a	284,555	238,091	522,646
D.W.G. Whitehead	n/a	n/a	849,155	3,782,341	4,631,496

(1) The value of equity holdings was calculated using a Common Share value of $22.21 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.

SECTION V – EXECUTIVE COMPENSATION

2011 COMPENSATION DISCUSSION AND ANALYSIS

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

- enable Finning to attract individuals who have the leadership and management skills to drive the future growth and success of Finning;
- retain the services of valued members of Finning's executive team;
- motivate executives to achieve excellence within their respective areas of responsibility and together as a team;
- reward executives for their individual and collective contributions to Finning's success and encourage a strong link between an individual's compensation and the interests of Finning and its shareholders; and
- support the health and the well-being of the members of Finning's executive team.

The executive compensation program is driven by a core set of principles embedded in Finning's overall compensation philosophy. While the actual performance targets may vary from year to year, the following principles relating to the program remain constant.

KEY PRINCIPLE	METHOD OF IMPLEMENTING PRINCIPLE
Senior executives should be focused on building shareholder value.	The Human Resources Committee seeks to focus senior management on several key financial metrics that it considers to be key drivers of shareholder value.
Senior executives' compensation should be performance-based.	Total individual compensation varies from year to year depending on corporate, business unit, and individual performance results.
A significant portion of senior executives' compensation should be at risk.	The senior executives' compensation plan contains elements of pay at risk, in the sense that an executive does not receive certain compensation amounts until a minimum performance target is achieved and will receive increasing amounts as performance exceeds the targets.
Senior executives should focus on building the business over a medium and long-term time horizon.	The senior executives' compensation plan includes a long-term incentive plan that is focused on accomplishing results with a medium to longer term view.
Senior executives should be focused on employee health and safety.	Safety targets make up a component of the bonus structure. Also, as part of corporate policy, even if the safety target has been achieved in a given year, the safety component of the bonus structure is not paid out to a senior executive if there has been an employee fatality in his or her area of responsibility.
The bonus structure should be relatively simple and easy to understand.	A limited number of clear metrics are used. The Human Resources Committee believes that if too many metrics are used, the overall effect of the bonus structure is diluted.
The focus of the bonus structure should be on quantitative metrics.	The Human Resources Committee believes that setting clear, easy to measure goals is more likely to have the desired incentive effect on senior executives than goals that are difficult to understand or measure. Metrics chosen align with Finning's broader strategy and are those that the executives have a reasonable ability to influence.
Teamwork among senior executives should be encouraged and rewarded.	A portion of the bonus payable to senior executives working in business units relates to overall corporate performance in addition to actual business unit performance.

COMPENSATION DECISION-MAKING PROCESS

The total compensation program for senior executives of Finning is comprised of four basic components: (i) base salary; (ii) a cash short-term incentive program; (iii) a long-term incentive program; and (iv) pension, benefits and other perquisites. The Human Resources Committee reviews the various compensation components both individually and in total, on an annual basis, to ensure they align with the overall objectives of the program and general market practices. The Human Resources Committee aims for total compensation to be at approximately the 50th percentile when compared to the total compensation provided by Finning's comparator companies if target performance is achieved and above or below the 50th percentile when performance is above or below target, respectively.

As a general guide in fixing the level for each of the four components of compensation, Finning compares its overall compensation structure (as well as each individual component of the structure) with that of its comparator group. The actual mix between each compensation component varies, depending on an executive's level of management responsibility, his or her ability to influence the achievement of short-term and long-term objectives and general local market practices.

In determining the compensation elements and related metrics, consideration is also given to risk mitigation, as discussed below following the description of the various compensation components. The Human Resources Committee, in the interests of overall good governance, also gives serious consideration to aligning the interests of executives and shareholders. To further this alignment in 2011, Finning voluntarily granted shareholders the right to cast an advisory vote on Finning's approach to executive compensation at the 2011 annual meeting, which resulted in a favourable vote of 97.12% of the shares voted at the meeting. The Board will again provide shareholders with a Say on Pay advisory vote at the 2012 annual meeting as an important part of the ongoing process of engagement between Finning's shareholders and the Board.

In assessing individual executive performance, the Human Resources Committee considers many factors, including time in role, demonstrated level of leadership competence, oversight of strategic projects and initiatives such as geographic or product expansion, professional development, international experience and community involvement. In addition to market comparisons and individual executive performance, the Human Resources Committee, in arriving at its recommendations for executive compensation considers both the short-term and longer term interests of Finning and its shareholders and overall financial measures such as return on equity ("ROE"), earnings before interest and tax ("EBIT") margin, share price, free cash flow, and earnings per Common Share. In making its decisions around compensation and the programs in general, the Human Resources Committee and management may obtain advice from consultants with expertise in this area, as outlined earlier in this management proxy circular under the heading "Human Resources Committee: Mandate and Report," which also describes the experience and independence of the Committee. The Human Resources Committee meets both in the presence of senior management and with only Committee members present. The Human Resources Committee reviews and approves compensation recommendations made by the Chief Executive Officer for his direct reports and also provides a recommendation with respect to the Chief Executive Officer's compensation to the Board of Directors, which makes the final decisions in respect of such matters.

COMPARATOR GROUP BENCHMARKING

In conducting its executive compensation review, Finning, with input from the Human Resources Committee, selects a comparator group of companies for purposes of benchmarking Finning's compensation structure and ensuring that the value of the compensation provided is appropriate when compared to the amounts paid by members of its comparator group. This group consists of companies that are generally viewed to be ones against which Finning competes for executive talent. Due to Finning's unique business model, it is challenging to identify a peer group of statistical significance against which to benchmark performance. The comparator group chosen contains companies that are generally: (i) of comparable size (in terms of revenue and employees) to Finning; (ii) operate in similar industries (e.g. heavy equipment, mining, construction, forestry); and (iii) are major Canadian companies with global operations and are publicly listed independently or through their parent organization. The most recent comparator group included the 22 companies described below:

Canadian Comparator Group	Core Industry Group
ArcelorMittal	Metal Product
Barrick Gold Inc.	Mining
Canadian Pacific Railway Ltd.	Transportation
Canadian Tire Corp.	Retail
Canfor Corporation	Forest Product
Churchill Corp.	Construction & Materials
Enbridge Inc.	Pipeline & Utilities
Goldcorp Inc.	Mining
Kinross Gold Corp.	Mining
Methanex Corp.	Gas
Nexen Inc.	Oil & Gas
Russel Metals Inc.	Metal Product
Sherritt International Corp.	Mining / Energy
Suncor Energy Inc.	Oil & Gas
Teck Resources Ltd.	Mining
Tembec Inc.	Forest Product
Tolko Industries Ltd.	Forest Product
Toromont Industries Ltd.	Machinery and Construction
Vale Canada	Mining
Wajax Corporation	Machinery
West Fraser Timber Co Ltd.	Forest Product
Xstrata Canada	Mining

In addition, in consultation with the Hay Group, Finning selects separate groups of comparator companies to use for certain local benchmarking purposes relating to some components of compensation for senior executives responsible for overseeing Finning's operations in certain foreign jurisdictions. For the United Kingdom Operations, a group of 25 companies was identified in the comparator group as set out in the table below. For the South American (Chile) Operations, the Chilean mining market has been selected as the primary comparator group, which consists of the 33 companies outlined below.

UK Comparator Group	South America (Chile) Comparator Group
Alstom Power	Anglo American – Los Bronces
Areva T&D UK	Anglo American (Chile)
BHP Billiton International Services	Antofagasta Minerals
BHP Billiton Petroleum	Barrick Gold – Campania Minera Zaldivar
BOC UK Gases	Barrick Gold of Chile
Balfour Beatty	Barrick Pascua Lama
Caterpillar Articulated Trucks	BHP Billiton – Chile
Caterpillar UK	BHP Billiton – Escondida
Centrica	BHP Billiton – Pampa Norte
Corus	Cerro Bayo (Cour)
Costain Group	Codelco Division Andina
FG Wilson Engineering	Codelco Norte
Lafarge Cement UK PLC	Compania El Abra
Marathon Oil	Compania Minera Dona Ines de Collahuasi SCM
Murco Petroleum	Compania Minera Mantos de Oro
National Grid	Compania Minera Quebrada Blanca
Perkins Engines Company	Compania Minera Teck Carmen de Andacollo
Pilkington Group	Freeport Compania Contractual Minera Candelaria
RWE npower	Freeport McMoRan – Minera Candelaria
Rolls-Royce	Kinross Corporativo
Schlumberger Oilfield UK	Kinross Gold Corporation
Scottish & Southern Energy	Kinross Maricunga
Total UK	Minera El Tesoro
Xstrata PLC	Minera Los Pelambres
Tarmac	Minera Meridian – El Penon
	Minera Michilla
	Quadra FNX Mining - Franke
	Quadra FNX Mining – Sierra Gorda
	Rio Tinto Mining & Exploration Ltd. – Chile
	Teck Resources Limited - Chile
	Xstrata – Alto Norte
	Xstrata – Lomas Bayas
	Xstrata Copper Chile

COMPENSATION PROGRAM COMPONENTS

Set out below is a summary of each component of executive compensation with a description of why Finning chooses to use each component and how the amount of each component is determined.

BASE SALARY

The payment of a base salary is used by Finning as the basic method of compensating senior executives and is part of the mechanism used by Finning to provide senior executives with a portion of total compensation that is not "at risk" and does not depend on the performance of Finning's business or the achievement of specific targets or goals. The Human Resources Committee believes the provision of such a base salary is an important component of Finning's ability to attract and retain individuals who have the leadership and management skills to drive the further growth and success of Finning's business.

As a general rule, the base salary for each senior executive is established after a review of competitive market data. Typically, the Human Resources Committee seeks to ensure that base salary for each such senior executive is fixed at approximately the market median (50th percentile). However, base salaries may vary above or below the market median depending on the Human Resources Committee's view of individual performance or to ensure internal consistency between senior executive positions.

A description of the comparator group of companies currently used by the Human Resources Committee to establish base salaries and other components of executive compensation is described above.

SHORT-TERM INCENTIVES

Finning uses a cash bonus system to compensate senior executives for their efforts in achieving a series of financial, safety and individual performance targets in the current fiscal year. Targets for each senior executive are set annually and are generally based on Finning's Annual Operating Plan ("AOP"). These targets consist of metrics relating to both overall corporate performance and where applicable, the performance of business units for which each executive has responsibility. The targets, at both the Corporate and business unit levels, are intended to be challenging to achieve, and are set at the end of the previous fiscal year. At the business unit level, targets are of a similar level of challenge relative to one another.

This component of Finning's total compensation package is clearly "at risk" in the sense that, for each target established, an executive does not receive any cash payment until a minimum performance threshold is achieved. Upon achieving threshold, 50% of target is paid. Thereafter, payments increase for performance that exceeds those thresholds up to a maximum of twice the target payment. The Human Resources Committee believes that these short-term incentive bonuses assist with attracting and retaining senior executives (given the potential for significant amounts being paid if all targets are achieved or exceeded) while at the same time motivating those executives to use their best efforts to drive the short-term performance of Finning's business in a manner that benefits both Finning and its shareholders.

The table below summarizes the payments available under this program in respect of 2011:

Role	Target Bonus (% of Salary)	Potential Payout Range (% of Salary)
CEO	75%	0% – 150%
Other Named Executive Officers (NEOs)	45%	0% – 90%

The targets are generally intended to confer value which places Finning's target cash compensation at around the 50th percentile when compared to the cash compensation provided by its comparator companies, with the potential to be above the 50th percentile when company performance exceeds its targets.

In 2011, the metrics used by Finning under its short-term incentive plan were:

			CEO	CFO	All other NEOs	
Metric	Corporate Target	2011 Actual Results	Bonus Target Weighting – Corporate	Bonus Target Weighting – Corporate	Bonus Target Weighting – Corporate	Bonus Target Weighting – Business Unit
Normalized Earnings Per Share ("EPS") or Earnings Before Interest and Tax ("EBIT")(1)	$1.42	$1.55	29.8%	29.8%	8.8%	21.0%(6)
EBIT Margin(2)	7.7%	6.6%	29.8%	29.8%	8.8%	21.0%(6)
Free Cash Flow ("FCF")(3)	$73.2 million	($220.8) million	12.7%	12.7%	3.7%	9.0%(7)
Safety(4)	0.20	0.20	12.7%	12.7%	3.7%	9.0%(8)
Personal Goals(5)	Required to achieve personal goals determined at the beginning of the fiscal year	See Pay-for-Performance Results below	15.0%	15.0%	15.0%	
TOTAL			100.0%	100.0%	100.0%	

(1) EPS is a measure used for the Corporate target and EBIT is a measure used for the Business Unit targets. Targets were established for Normalized EPS and EBIT. Normalization reflects adjustments for certain income and expense items that would generally be rare, infrequent, non-recurring and unusual in nature and are unpredictable or independent of any management action. These items are deemed by the Human Resources Committee and management as not reflective of the underlying performance of Finning's ongoing operations and are removed from the reported results prepared in accordance with International Financial Reporting Standards ("IFRS"). In 2011, these items mainly related to unanticipated costs pertaining to the acquisition of Bucyrus.

(2) EBIT Margin is determined by dividing normalized earnings before interest and tax by revenue.

(3) FCF is defined as cash flow provided by operating activities after net capital expenditures but before payment of dividends.

(4) Safety target is defined as the number of lost time injuries per 200,000 exposure hours worked by employees.

(5) For the Chief Executive Officer, all such goals are approved by the Board of Directors upon the recommendation of the Human Resources Committee. For all other NEOs, such goals are established by the Chief Executive Officer to ensure they are clearly aligned with overall corporate priorities and objectives.

(6) Targets are established for Normalized EBIT and EBIT Margin in the business unit. Normalized EBIT is defined as earnings before interest and taxes adjusted for certain income and expense items, as discussed in footnote (1) above.

(7) Targets are established for FCF generated by the business unit.

(8) Targets are established for safety performance in the business unit, based on the number of lost time injuries per 200,000 exposure hours worked by employees.

These targets were chosen by the Human Resources Committee based on the core set of principles embedded in Finning's overall compensation philosophy.

The Human Resources Committee's view is that the targets used by Finning for the 2011 year reflect an appropriate mix of targets for short-term incentive compensation, which are sufficient to properly focus Finning's senior executives on areas believed by the Human Resources Committee and the Board of Directors to be important in driving the success and growth of Finning's business in the near term.

More detail on the short-term incentive payments made for the 2011 fiscal year to the Chief Executive Officer and the Named Executive Officers, including a description of which targets were achieved during the year, is set out later in this management proxy circular under the heading "Pay-for-Performance Results for 2011."

LONG-TERM INCENTIVES

The long-term incentive plan is designed to retain high performing executives and to encourage those senior executives to:

- drive the medium and longer term growth of Finning's business; and
- align their interests and objectives with those of Finning's shareholders.

The current long-term incentive plan includes Performance Share Units (PSUs) and Stock Options, equally weighted. Each of these components is described below.

In determining the size of the long-term incentive grant to each executive, the Human Resources Committee considers the executive's level of management responsibility, external market competitiveness and individual performance. Grant levels target the 50th percentile when compared to long-term compensation amounts paid in the Canadian comparator group companies and may vary based on individual performance. Finning has calculated comparator group data by taking 2/3 of the value based on the previous year's market data and 1/3 of the value based on market data from two years prior. This method has been used in determining the grant value to smooth the data and to lessen any extraordinary spikes in market data. Previous grants have not been a factor applied in determining the current year's grant.

Specifics on the number of PSUs and stock options granted to each of the Chief Executive Officer and Named Executive Officers are set out later in this management proxy circular under the heading "Long-Term Incentive Plan Awards."

Performance Share Unit Plan

The PSU plan, which was introduced with the first grant in 2009, is a performance-based incentive plan that creates strong alignment between shareholders and executive compensation, as each unit's value is tied to share price and performance conditions for vesting which are described in more detail below. Where vesting conditions are achieved, Finning will, for each vested PSU, make a cash payment equal to the value of Finning's Common Shares at the time of vesting.

For 2011, all PSUs granted had a notional grant price of $28.29 and contain vesting conditions that are based on Finning's average ROE performance (normalized for items deemed by the Human Resources Committee and management as rare, infrequent, non-recurring or unusual in nature that are unpredictable or independent of any management action and therefore not reflective of underlying performance of Finning's ongoing operations and are removed from the reported results prepared in accordance with IFRS) for the three-year period ending December 31, 2013. Those conditions are set out below:

Average ROE for 3-Year Period	Vesting Schedule
Achievement of <15% ROE	0% of the grant vests
Achievement of 15% ROE	50% of the grant vests
Achievement of 18% ROE	100% of the grant vests
Achievement of 22% ROE or above	200% of the grant vests

In order for any PSUs granted in 2011 to vest, the average ROE over the three-year period ending December 31, 2013 must be at least 15%. If the three-year average is less than 15%, no PSUs will vest, no payment will be made and the PSUs will expire. In addition, vesting for performance within the range between any two thresholds is determined on a linear basis.

The first PSU grant was made in 2009, with vesting determined at the end of 2011. The following table shows the impact of the financial results of Finning on the 2009 PSU grant:

PSUs Granted in 2009(1)

Average ROE for 3-Year Period(2)	Vesting Schedule	Average ROE Results Achieved	Vesting Percentage Achieved
Achievement of <12%	0%		
Achievement of 12%	25%	12.6%	39.7%
Achievement of 15%	100%		
Achievement of ≥17%	150%		

(1) The 2010 grant, for which vesting will be determined at the end of 2012, had ROE and vesting requirements similar to those of the 2009 grant.

(2) For grants made prior to 2011 and the adoption of IFRS, targets were established based on Canadian Generally Accepted Accounting Principles ("GAAP"). As a result, if an annual ROE used in the calculation of the three-year average is reported under IFRS, it is adjusted on an approximate basis to Canadian accounting standards for the purpose of determining vesting.

Stock Option Plan
Stock Options also enable Finning to strengthen the link between shareholder and company interests with that of executives over a longer term time horizon. The exercise price of each option is set at the market value of Finning's shares at the time of grant. Accordingly, the total value of the options (and, therefore, the benefit potentially received by each executive) increases as Finning's stock price increases.

However, the options only become exercisable by the executives in accordance with a specified time-vesting schedule, thereby providing an incentive for executives to remain with Finning and take steps to build Finning's business in a manner that increases Finning's stock price over time. The Human Resources Committee believes such option grants provide a valuable mechanism to attract and retain senior executives (given the potential for significant amounts to be realized if Finning's stock price does increase over time) while at the same time motivating those executives to use their best efforts to drive the longer-term performance of Finning's business in a manner that benefits both Finning and its shareholders.

All options are granted under, and governed by the terms of, Finning's existing 2005 Stock Option Plan for Senior Executives (the "Option Plan"). Options granted under the Option Plan have a seven-year term and vest in three equal annual instalments beginning on the first anniversary of the grant date. For more details on the terms of the Option Plan, see Schedule A to this management proxy circular.

Deferred Share Unit Plan
Finning discontinued the practice of granting DSUs to senior executives in 2006 for market competitiveness reasons. A small number of current executives hold vested DSUs.

DSUs track the value of Finning's Common Shares but do not entitle the holder to receive Common Shares from treasury. All previously granted DSUs are now fully vested, based on historical share price performance criteria. Vested DSUs can only be converted into a cash payment or shares upon termination of employment or retirement from Finning.

PENSION, BENEFITS AND OTHER PERQUISITES
Finning provides a series of pension and benefit programs to its senior executives. These include: (i) defined benefit pension plans historically, with new executives joining defined contribution pension plans since January 1, 2010, (ii) executive supplementary income plans, (iii) health and dental coverage for employees and dependants; (iv) death and disability benefits; and (v) an employee share purchase plan (the "ESPP").

Under the terms of the ESPP, Finning provides a partial match of up to 2% of base salary for contributions made by employees into a fund which is then used to purchase Finning's Common Shares on the open market for the benefit of these employees.

Finning also provides a series of perquisites to its senior executives. These include: (i) car allowances; (ii) club dues; (iii) tax consultation reimbursement; and (iv) annual executive medical examinations. Although these items make up a very small portion of the total compensation paid to a senior executive, the Human Resources Committee believes the provision of these benefits assists in the overall goal of attracting and retaining individuals who have the leadership and management skills to drive the further growth and success of Finning's business. In some instances, these benefits also assist in achieving Finning's goal of supporting the health and well-being of its senior executives such that these executives are able to devote the time and energy necessary to Finning's business to continue its growth and development.

The Human Resources Committee reviews the terms of these programs regularly and benchmarks them against similar plans offered by Finning's comparator group companies. The Human Resources Committee's intention is generally to fix the value of the benefits conferred by these programs at around the 50^{th} percentile when compared to similar plans and programs offered by comparator group companies.

The value of all benefits conferred under such plans and programs to the Chief Executive Officer and named executive officers in 2011 is described later in the Summary Compensation Table. In addition, significant additional disclosure relating to Finning's pension plans and supplementary income plans is provided later under the heading "Pension Plan Disclosure."

MANAGING COMPENSATION RISK

The Human Resources Committee develops and reviews the compensation plans, philosophy, guidelines and policies for senior executives with a view to ensure that there is a link between pay and performance while striking a balance with risk management. During 2012, the Human Resources Committee intends to develop a formal process for assessing compensation program risk. Having considered the features of the compensation program, as noted below, the Committee does not believe that any risks arise from Finning's compensation policies and practices that are reasonably likely to have a material impact on the company.

The nature of the business in which Finning operates requires some level of risk-taking in order to achieve growth and desired outcomes in the best interest of shareholders. Finning's executive compensation policies and programs seek to encourage behaviours directed to increase long-term value while limiting incentives that promote excessive risk-taking. The programs have several risk mitigating features, specifically:

- A variety of compensation components that are designed to provide a balance between base salary and at-risk variable compensation. These components include short-, mid- and long-term elements that support and balance sustained short-term performance and long-term profitable growth. For Named Executive Officers, more than 50% of their total direct compensation is variable based on Corporate, business unit and individual performance, with less than 50% in base salary. Of the variable compensation, 60% or more is mid- and long-term focused and 40% or less is short-term. The weighting towards mid- to long-term compensation mitigates the risk of too much emphasis on short-term goals at the expense of long-term sustainable performance. More information on the pay mix for executives is provided below under the heading "Pay at Risk."
- The short-term incentive plan is designed to reward an appropriate level of risk taking. Payment amounts under the plan are determined based on a scorecard containing metrics which the Board believes are important in driving Finning's success. The use of a number of key performance metrics and the threshold for bonus payments diversifies the risk under any one performance area. The metrics used are generally of a financial and safety related nature, both of which are important to Finning's success. In addition, payouts under the plan are capped at 200% of target. Details on the short-term incentive plan are provided earlier under the heading "Short-Term Incentives."
- The long-term incentive plan is also designed with risk controls in place. The stock options vest over three years and have a seven-year term, reinforcing the goal of building and sustaining long-term value in line with shareholder interests. The PSUs vest at the end of three years only if specific performance criteria are met, adding mid-term focus as well.
- Policies and guidelines are in place regarding executive share ownership requirements, anti-hedging and clawbacks with a view to aligning interests of senior executives and shareholders and limiting risk. More information on these policies is provided below.
- Compensation policies and practices for all senior executives are structured similarly. While differences may exist where local market conditions warrant, metrics used are generally consistent. Further, Corporate and business unit executives are rewarded for performance of both the business units and Finning as a whole, which the Committee believes will drive behaviour that is aligned and promotes teamwork.
- While certain senior executives, including the Chief Executive Officer, review and make recommendations with respect to the compensation programs, final approval of the programs, related incentive metrics and incentive payments for the Chief Executive Officer and his direct reports lies with the Committee and, in some cases, the Board of Directors.
- In order to address attraction and retention risk for key executives, Finning's total compensation for executives is regularly benchmarked against a peer group of companies of similar size and scope as approved by the Human Resources Committee. This ensures that compensation is competitive with peers and aligned with Finning's philosophy.

SHARE OWNERSHIP REQUIREMENTS FOR SENIOR EXECUTIVES

Finning strongly encourages share ownership by its executives. It believes that the interests of shareholders and executives are better aligned when its executives directly hold investments in Finning and has established minimum requirements for share ownership by its senior executives. Shareholdings are defined as the total of Common Shares and vested DSUs owned by the executive. Stock Options and PSUs are not included in the definition of shareholdings for the purposes of this requirement. Based on the terms of the requirements, the shareholdings are valued at the greater of the market price at the point of measurement or at the price paid to initially acquire those shareholdings. The requirements for the CEO and Named Executive Officers are:

- the Chief Executive Officer is required to hold, at a minimum, Common Shares and vested DSUs of Finning with a value equal to three times his or her annual salary within five years of the date of his or her appointment to that position;
- senior executives are required to hold, at a minimum, Common Shares and vested DSUs of Finning with a value equal to one and a half times his or her annual salary by the same deadline; and
- in addition, all senior executives are required to hold at least 50% of the required ownership value in the form of Common Shares by the same deadline. The balance of the value may be held in vested DSUs.

The table below summarizes the number of Common Shares and qualifying DSUs held by Finning's Named Executive Officers as at December 31, 2011.

Name	Ownership Multiple of Salary	Number of DSUs Held that Count Towards Ownership(2)	Number of Common Shares Held	Value of Shareholdings for Ownership Requirements(3) ($)	% of Requirement Achieved	Meets Guidelines
Michael T. Waites	3 x	11,455	74,116	1,900,532	67%	No - has until May 5, 2013
David S. Smith	1.5 x	–	20,062	445,577	67%	No - has until February 1, 2014
Juan Carlos Villegas	1.5 x	18,009	18,862	818,898	102%	Yes
David E. Parker(1)	1.5 x	15,128	57,199	1,606,390	239%	Yes
Andrew S. Fraser	1.5 x	15,196	4,026	426,917	63%	No - deadline was October 31, 2011(4)

(1) Mr. Parker stepped down as President, Finning (Canada) on October 17, 2011, at which point he provided transitional advice and assistance to Finning until his retirement on December 31, 2011.
(2) Specifies only qualifying DSUs based on the rule that a maximum of 50% of the required ownership value may be held in the form of DSUs.
(3) The Value of Shareholdings was calculated using the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.
(4) Mr. Fraser was prevented from acquiring shares as a result of a trading blackout that was in place for all insiders effective July 1, 2011 due to a pending acquisition and was still in effect on December 31, 2011. A plan is in place for Mr. Fraser to meet his ownership requirement level in 2012.

Finning's Senior Vice President, Human Resources and the Corporate Secretary of Finning annually review compliance with the foregoing requirements. In addition, the Human Resources Committee reviews ownership levels on an annual basis. As of December 31, 2011 the Human Resources Committee is satisfied that all senior executives have taken sufficient steps towards complying with the Guidelines and where guidelines have not yet been achieved, that appropriate plans are in place to achieve compliance by the stated deadline or upon availability to purchase shares.

HEDGING POLICY

All executive management and directors of Finning are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to them as compensation or held directly or indirectly by them. Hedging may also not be utilized to offset the value of the shareholding requirements set by Finning's share ownership guidelines for executive management and directors.

CLAWBACK POLICY

If a restatement of Finning's financial statements is necessary because of the Chief Executive Officer's misconduct, intentional misstatement of information, gross negligence or fraud and the restated financial statements result in a lower amount of incentive compensation owing to him for the period covered by the restated financial statements, then he will be required to repay all or some of the incentive compensation paid to him in the prior 24-month period.

PAY AT RISK

A key principle of Finning's program is to ensure that a significant portion of the senior executives' compensation should be at risk. The chart below shows the amount of pay at risk as a percent of total direct compensation for the Named Executive Officers. Total direct compensation includes base salary, short-term incentive (cash), and long-term incentives (PSUs and stock options). Target is based on a 50th percentile valuation, as provided from comparator group data.

		Pay at Risk			
		Short-term Incentives	Long-term Incentives		
Name	Salary	Bonus (at Target)	PSUs (at Target)	Stock Options (at Target)	**Target Total Pay at Risk**
Michael T. Waites	28%	22%	25%	25%	**72%**
David S. Smith	45%	21%	17%	17%	**55%**
Juan Carlos Villegas	47%	21%	16%	16%	**53%**
David E. Parker	45%	21%	17%	17%	**55%**
Andrew S. Fraser	45%	21%	17%	17%	**55%**

PAY-FOR-PERFORMANCE RESULTS FOR 2011

During the 2011 fiscal year, the total compensation paid to the Chief Executive Officer and Named Executive Officers placed Finning at approximately the 50th percentile relative to its comparator group. The table below sets out, for each such senior executive, the weighting of each target category, the target bonus as a percentage of base salary, and the actual bonus paid as a percentage of base salary to each senior executive under the short-term incentive plan. Information on the total value of all compensation paid during 2011 to the Chief Executive Officer and Named Executive Officers is set out later in the Summary Compensation Table.

As shown in the following table, although 2011 was a very strong year for Finning in many respects, including top-line growth and improved market conditions, threshold levels for certain financial metrics in the short-term incentive plan were not achieved. Free cash flow results and EBIT margin on a consolidated basis were below the threshold required to warrant a payout for these metrics under the short-term incentive plan. However, at the business unit level, both South America and the UK/Ireland achieved EBIT margin performance, which warranted payouts. The varying payouts for the key metrics and overall payouts relative to target for each executive demonstrate the link between pay and performance in the short-term incentive plan.

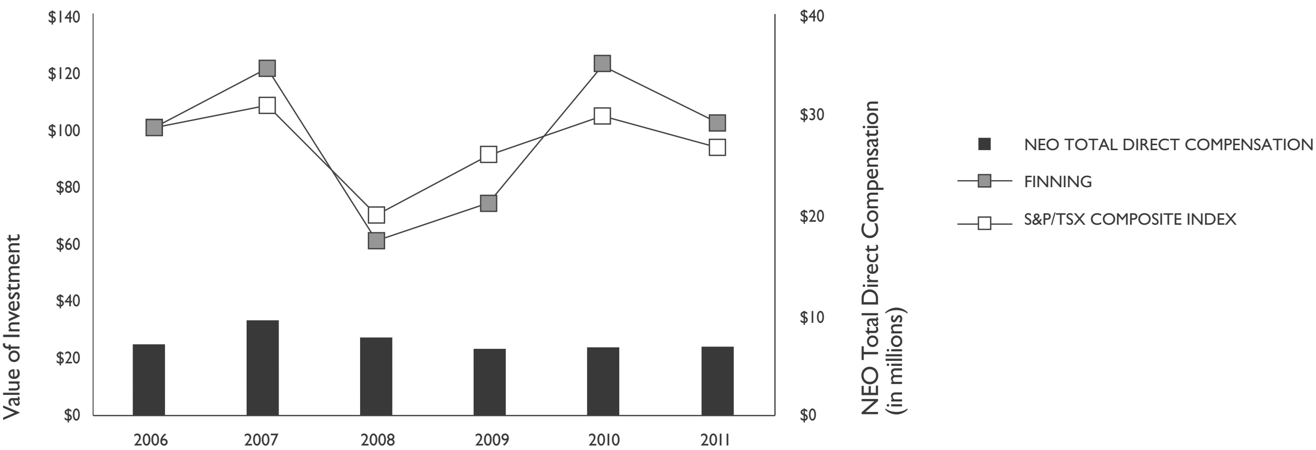
Name of Executive and Target Category	Weighting (% of total bonus)	Target Bonus (% of base salary)	Actual Bonus (% of base salary)
Michael T. Waites, *President and Chief Executive Officer*			
EPS	29.8	22.3	32.7
EBIT Margin	29.8	22.3	0.0
FCF	12.7	9.6	0.0
Safety	12.7	9.6	9.6
Personal	15.0	11.2	10.4
Total	**100.0**	**75.0**	**52.7**
David S. Smith, *Executive Vice President and Chief Financial Officer*			
EPS	29.8	13.4	19.6
EBIT Margin	29.8	13.4	0.0
FCF	12.7	5.7	0.0
Safety	12.7	5.7	5.7
Personal	15.0	6.8	9.5
Total	**100.0**	**45.0**	**34.8**
Juan Carlos Villegas, *President, Finning South America*			
EPS	8.8	3.9	5.8
EBIT Margin	8.8	3.9	0.0
FCF	3.7	1.7	0.0
Safety	3.7	1.7	1.7
EBIT (Business Unit)	21.0	9.5	18.2
EBIT Margin (Business Unit)	21.0	9.5	5.7
FCF (Business Unit)	9.0	4.0	0.0
Safety (Business Unit)	9.0	4.0	8.1
Personal	15.0	6.8	13.5
Total	**100.0**	**45.0**	**53.0**
David E. Parker, *President, Finning (Canada) to October 17, 2011*			
EPS	8.8	3.9	5.8
EBIT Margin	8.8	3.9	0.0
FCF	3.7	1.7	0.0
Safety	3.7	1.7	1.7
EBIT (Business Unit)	21.0	9.5	5.2
EBIT Margin (Business Unit)	21.0	9.5	0.0
FCF (Business Unit)	9.0	4.0	0.0
Safety (Business Unit)	9.0	4.0	6.2
Personal	15.0	6.8	0.0
Total	**100.0**	**45.0**	**18.9**
Andrew S. Fraser(1)**,** *President, Finning (Canada) from October 18, 2011*			
EPS	29.8	13.4	19.6
EBIT Margin	29.8	13.4	0.0
FCF	12.7	5.7	0.0
Safety	12.7	5.7	5.7
Personal	15.0	6.8	9.5
Total	**100.0**	**45.0**	**34.8**

(1) Mr. Fraser was appointed President, Finning (Canada) on October 18, 2011. His 2011 bonus reflects his previous position as Executive Vice President, Power Systems and Global Business Development of Finning International Inc.

COMPARATIVE SHAREHOLDER RETURN

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in Finning'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. This graph also includes a bar chart showing the total direct compensation paid to our NEOs during the same period.



		2006		2007		2008		2009		2010		2011
Finning	$	100	$	121	$	61	$	74	$	123	$	102
S&P/TSX Composite Index	$	100	$	107	$	70	$	91	$	104	$	93
NEO Total Direct Compensation	$(mil)	7.1	$	9.4	$	7.8	$	6.6	$	6.8	$	6.9

The compound annual growth rate of Finning's total shareholder return for the five-year period ending December 31, 2011 was 0.4%. By comparison, the compound annual growth rate of NEO total direct compensation over this same period was -0.6%. The table above describes how NEO total direct compensation has varied each year with Finning's share price. NEO total direct compensation was determined by including the top five NEOs for each fiscal year, as disclosed in previous management proxy circulars, and includes salaries, bonuses and compensation value of long-term incentives. The most significant portion of executive pay is delivered through incentive compensation, primarily long-term incentives. The ultimate value that may be realized from long-term incentives is linked to Finning's share price or other key measures such as ROE that indirectly impact our share price, and is therefore aligned with total shareholder return.

PRESIDENT AND CEO COMPENSATION

Although NEO total direct compensation shown in the performance graph above has remained relatively flat over the past year, it does include an increase in Mr. Waites' compensation in 2011. As shown in the Statement of Executive Compensation section of this management proxy circular, Mr. Waites' increase in total direct compensation for 2011 is primarily a result of increases in his base salary and the value of his long-term incentive award. After a review of competitive market data, his base salary was increased in 2011 following a two-year freeze to bring his salary closer to the median base salary relative to the comparator group. Although pension value is not a component of total direct compensation, it is noted that the increase in his salary also increased Mr. Waites' pension value. In addition, the long-term incentive plan grant value increased in 2011 as a result of Mr. Waites receiving a grant level that targeted the 50th percentile relative to the comparator group, whereas in 2010, the grant was based on 2009 ROE performance, which triggered a grant level that was below market median. As previously indicated, grant levels are now generally targeted at the 50th percentile and not based on prior year ROE performance. Finally, in keeping with Finning's compensation philosophy linking pay and performance, the total 2011 short-term incentive award was below the 2010 level for all NEOs, including Mr. Waites, reflecting Finning's 2011 financial performance relative to short-term incentive targets set for 2011, particularly in relation to the EBIT margin and FCF metrics.

STATEMENT OF EXECUTIVE COMPENSATION

NAMED EXECUTIVE OFFICERS

Our NEOs are the Chief Executive Officer, the Chief Financial Officer and the three next highest paid executive officers. Their profiles on the following pages provide a brief biography, share ownership levels and summary of total compensation over the past three years. For purposes of measurement and disclosure in the referenced tables, the market value of Common Shares, Deferred Share Units ("DSUs") and Options was calculated using Common Share values of $22.21, $27.09 and $16.68, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011, December 31, 2010 and December 31, 2009, respectively.

MICHAEL T. WAITES – PRESIDENT & CHIEF EXECUTIVE OFFICER,
VANCOUVER, BRITISH COLUMBIA, CANADA
Age: 58

Mr. Waites is President and Chief Executive Officer of Finning. From May 2006 to May 2008, he was Executive Vice President and Chief Financial Officer of Finning. Prior to joining Finning in May 2006, Mr. Waites was Executive Vice 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. In addition, he 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 is a director of Talisman Energy Inc. and is a member of the Sauder School of Business Centre for CEO Leadership Advisory Board.

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.

Total Shareholdings

	Number	Value
2011	85,571	$ 1,900,532
2010	79,700	$ 2,159,073
2009	65,117	$ 1,086,151

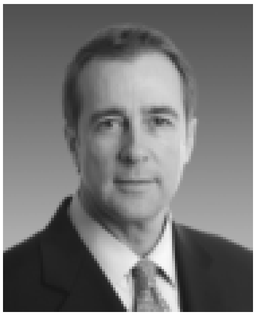
Share Ownership Guideline

Minimum Ownership Requirement Multiple	Amount	Eligible Holdings(1)	% Guidelines Achieved	Meets Guidelines
3 x salary	$ 2,850,000	$1,900,532	67%	No – has until May 5, 2013

Total Compensation

Three-Year Look-Back	2011	2010	2009
Base Salary	$ 947,115(2)	$ 800,000	$ 800,000
Short-Term Incentive	500,000	774,000	432,000
Long-Term Incentive (PSUs)(3)	862,150	589,550	614,458
Long-Term Incentive (Stock Options)(4)	862,150	589,550	715,836
Pension Value(5)	1,008,000	420,000	355,000
All Other Compensation	65,246	55,304	49,913
Total Compensation	$ 4,244,661	$ 3,228,404	$ 2,967,207

(1) Includes only qualifying DSUs based on the rule that a maximum of 50% of the required value may be held in the form of DSUs, valued at the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.
(2) Mr. Waites' base salary was increased in 2011 following an analysis of comparator company pay levels, which indicated that a significant increase was warranted after a two-year salary freeze.
(3) This represents the PSU award values as of their grant date. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, the present value of PSUs at the date of grant was 85% of the exercise price; for 2010 and 2009, it was 80%. Actual PSU payments are disclosed in the "Incentive Plan Awards-Value Vested or Earned During the Year" table.
(4) The stock options granted have been valued using the Binomial Valuation Model. For 2011, the present value of stock options at the date of grant was 37.2% of the exercise price; for 2010 it was 33.6% and for 2009 it was 32.3%.
(5) Represents the current pension service costs during 2009, 2010, and 2011 as well as the impact of pay increases since the previous year's calculation. The impact of Mr. Waites' pay increase accounts for a significant portion of the 2011 value shown. For further details, please refer to the "Pension Plan Disclosure" section outlined in this management proxy circular.



DAVID S. SMITH – EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER,
WEST VANCOUVER, BRITISH COLUMBIA, CANADA
Age: 53

Mr. Smith was appointed Executive Vice President and Chief Financial Officer for Finning effective February 2, 2009.

Prior to joining Finning, Mr. Smith was Chief Financial Officer of Ballard Power Systems Inc. beginning in December 2002. Prior to this appointment, Mr. Smith acted as Ballard's Vice President, Controller from October 2000. Prior to joining Ballard, Mr. Smith spent 16 years with Placer Dome Inc. in various senior positions, including Vice President, Corporate Relations, Vice President, Business Development and as regional Vice President and Chief Financial Officer in the United States, Chile, and Canada.

Mr. Smith is a Certified Public Accountant and holds a Bachelor of Science, Business Administration, from California State University, Sacramento. In 2009 he was accredited through the Institute of Corporate Directors / Rotman School of Management Director's Education Program.

Total Shareholdings

	Number	Value
2011	20,062	$ 445,577
2010	18,563	$ 502,872
2009	11,310	$ 188,651

Share Ownership Guideline

Minimum Ownership Requirement		Eligible	% Guidelines	
Multiple	Amount	Holdings(1)	Achieved	Meets Guidelines
1.5 x salary	$ 667,500	$ 445,577	67%	No – has until February 1, 2014

Total Compensation

Three-Year Look-Back	2011	2010	2009
Base Salary	$ 444,288	$ 405,908	$ 361,539
Short-Term Incentive	155,127	282,786	177,833
Long-Term Incentive (PSUs)(2)	169,100	160,105	195,590
Long-Term Incentive (Stock Options)(3)	169,100	160,105	227,876
Pension Value(4)	160,000	115,000	65,000
All Other Compensation	34,881	38,136	136,259
Total Compensation	$ 1,132,496	$ 1,162,040	$ 1,164,097

(1) Valued at the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.

(2) This represents the PSU award values as of their grant date. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, the present value of PSUs at the date of grant was 85% of the exercise price; for 2010 and 2009, it was 80%. Actual PSU payments are disclosed in the "Incentive Plan Awards-Value Vested or Earned During the Year" table.

(3) The stock options granted have been valued using the Binomial Valuation Model. For 2011, the present value of stock options at the date of grant was 37.2% of the exercise price; for 2010 it was 33.6% and for 2009 it was 32.3%.

(4) Represents the current pension service costs during 2009, 2010 and 2011 as well as the impact of pay increases since the previous year's calculation. For further details, please refer to the "Pension Plan Disclosure" section outlined in this management proxy circular.

JUAN CARLOS VILLEGAS – PRESIDENT, FINNING SOUTH AMERICA,
SANTIAGO, CHILE
Age: 57

Mr. Villegas was appointed Finning's President, South America, with overall responsibility for Finning's operations in Chile, Argentina, Bolivia and Uruguay effective August 1, 2006.

Mr. Villegas joined Finning in 1998 as Vice President, Operations for Chile. He was subsequently promoted to the role of Vice President, Mining for South America, and in June 2005 he was promoted to the role of Vice President, Power Systems for Canada. Mr. Villegas has over 18 years of experience with the Cummins and Komatsu dealer in Chile, Argentina, Peru and Bolivia and held various executive management positions with Cummins and Komatsu, including Vice President Operations for the southern cone of South America.

Mr. Villegas was educated in Chile and also attended the University of California at Irvine. Mr. Villegas has completed a number of executive development courses in the United States and Canada.

Total Shareholdings

	Number	Value
2011	65,816	$ 1,461,761
2010	62,582	$ 1,695,346
2009	50,427	$ 841,122

Share Ownership Guideline

Minimum Ownership Requirement Multiple	Amount	Eligible Holdings(1)	% Guidelines Achieved	Meets Guidelines
1.5 x salary	$ 799,946	$ 818,898	102%	Yes

Total Compensation

Three-Year Look-Back	2011	2010	2009
Base Salary(2)	$ 526,072	$ 474,206	$ 454,622
Short-Term Incentive(2)	278,555	324,334	263,499
Long-Term Incentive (PSUs)(3)	169,100	200,131	195,590
Long-Term Incentive (Stock Options)(4)	169,100	200,131	227,876
Pension Value(5)	n/a	n/a	n/a
All Other Compensation(6)	133,356	268,345	73,760
Total Compensation	$ 1,276,183	$ 1,467,147	$ 1,215,347

(1) Includes only qualifying DSUs based on the rule that a maximum of 50% of the required value may be held in the form of DSUs, valued at the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.
(2) Amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2011: 1 CLP = 0.002047 CAD. 2010: 1 CLP= 0.002022 CAD. 2009: 1 CLP = 0.002043 CAD.
(3) This represents the PSU award values as of their grant date. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, the present value of PSUs at the date of grant was 85% of the exercise price; for 2010 and 2009, it was 80%. Actual PSU payments are disclosed in the "Incentive Plan Awards-Value Vested or Earned During the Year" table.
(4) The stock options granted have been valued using the Binomial Valuation Model. For 2011, the present value of stock options at the date of grant was 37.2% of the exercise price; for 2010 it was 33.6% and for 2009 it was 32.3%.
(5) Finning South America is not a designated employer participating under any pension plan of Finning.
(6) In 2011, Mr. Villegas received $44,898 towards a "Depositos Convenidos" or "Agreed Deposit" arrangement. Since Mr. Villegas does not participate in any of Finning's pension plans, the Agreed Deposit arrangement is intended to assist Mr. Villegas in respect of his retirement savings.

DAVID E. PARKER – FORMER PRESIDENT, FINNING (CANADA),
ST. ALBERT, ALBERTA, CANADA
Age: 56

Mr. Parker was appointed President, Finning (Canada) in June 2008 and held this position until he stepped down in October 2011, at which point he provided transitional advice and assistance until his retirement in December 2011.

Total Shareholdings

	Number	Value
2011	108,414	$ 2,407,873
2010	96,776	$ 2,621,662
2009	56,822	$ 947,790

Share Ownership Guideline

Minimum Ownership Requirement		Eligible	% Guidelines	
Multiple	Amount	Holdings(1)	Achieved	Meets Guidelines
1.5 x salary	$ 672,000	$ 1,606,390	239%	Yes

Total Compensation

Three-Year Look-Back	2011	2010	2009
Base Salary	$ 447,078	$ 395,037	$ 400,000
Short-Term Incentive	84,538	277,535	191,120
Long-Term Incentive (PSUs)(2)	169,100	160,105	195,590
Long-Term Incentive (Stock Options)(3)	169,100	160,105	227,876
Pension Value(4)	336,000	84,000	99,000
All Other Compensation	37,104	31,717	29,367
Total Compensation	$ 1,242,920	$ 1,108,499	$ 1,142,953

(1) Includes only qualifying DSUs based on the rule that a maximum of 50% of the required value may be held in the form of DSUs, valued at the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.

(2) This represents the PSU award values as of their grant date. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, the present value of PSUs at the date of grant was 85% of the exercise price; for 2010 and 2009, it was 80%. Actual PSU payments are disclosed in the "Incentive Plan Awards-Value Vested or Earned During the Year" table.

(3) The stock options granted have been valued using the Binomial Valuation Model. For 2011, the present value of stock options at the date of grant was 37.2% of the exercise price; for 2010 it was 33.6% and for 2009 it was 32.3%.

(4) Represents the current pension service costs during 2009, 2010, and 2011 as well as the impact of pay increases since the previous year's calculation. For further details, please refer to the "Pension Plan Disclosure" section outlined in this management proxy circular.

ANDREW S. FRASER – PRESIDENT, FINNING (CANADA),
EDMONTON, ALBERTA, CANADA
Age: 51

Mr. Fraser was appointed President, Finning (Canada) effective October 18, 2011. His previous role was Executive Vice President, Power Systems and Global Business Development for Finning from August 1, 2010, where he was responsible for Finning's global power systems strategy and evaluating global growth opportunities. Prior to that, he was Managing Director, Finning Group (UK) from 2006, where he had overall responsibility for Finning's operations in the U.K.

Mr. Fraser joined Finning in 1979 and held numerous positions during his tenure in Canada. He was appointed Branch Manager, Sparwood in 1994, General Manager, Used Equipment in 1998, and Vice President, Redistribution for Finning (Canada) in 2000. In 2001 Mr. Fraser was promoted to Vice President, Operations and Customer Relations and in 2003 he was appointed Vice President, Sales and Marketing for Finning (Canada). In 2005, Mr. Fraser was appointed to the position of Group Vice President, Finning (Canada).

Mr. Fraser holds a B.A. in economics and an MBA from Royal Roads University.

Total Shareholdings

	Number	Value
2011	55,241	$ 1,226,903
2010	52,572	$ 1,424,175
2009	50,513	$ 842,556

Share Ownership Guideline

Minimum Ownership Requirement Multiple	Amount	Eligible Holdings(1)	% Guidelines Achieved	Meets Guidelines
1.5 x salary	$ 675,000	$ 426,917	63%	No - deadline was October 31, 2011(2)

Total Compensation

Three-Year Look-Back	2011	2010	2009
Base Salary(3)	$ 368,750	$ 331,533	$ 368,543
Short-Term Incentive(3)	129,250	201,995	169,088
Long-Term Incentive (PSUs)(4)	169,100	160,105	195,590
Long-Term Incentive (Stock Options)(5)	169,100	160,105	227,876
Pension Value(6)	534,000	10,000	48,000
All Other Compensation	41,583	148,845	103,508
Total Compensation	$ 1,411,783	$ 1,012,583	$ 1,112,605

(1) Includes only qualifying DSUs based on the rule that a maximum of 50% of the required value may be held in the form of DSUs, valued at the Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011.
(2) Mr. Fraser was prevented from acquiring shares as a result of a trading blackout that was in place for all insiders effective July 1, 2011due to a pending acquisition and was still in effect on December 31, 2011. A plan is in place for Mr. Fraser to meet his ownership requirement level in 2012.
(3) Amounts for 2009 and 2010 have been converted from Pounds Sterling based on the following average exchange rates: 2010: 1 GBP = 1.5918 CAD. 2009: 1 GBP = 1.7804 CAD.
(4) This represents the PSU award values as of their grant date. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, the present value of PSUs at the date of grant was 85% of the exercise price; for 2010 and 2009, it was 80%. Actual PSU payments are disclosed in the " Incentive Plan Awards-Value Vested or Earned During the Year" table.
(5) The stock options granted have been valued using the Binomial Valuation Model. For 2011, the present value of stock options at the date of grant was 37.2% of the exercise price; for 2010 it was 33.6% and for 2009 it was 32.3%.
(6) Represents the current pension service costs during 2009, 2010, and 2011 as well as the impact of pay increases since the previous year's calculation. For further details, please refer to the "Pension Plan Disclosure" section outlined in this management proxy circular.

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned in each of the last three fiscal years by each of the NEOs:

Name and Principal Position	Year	Salary ($)	Share Awards[(1)] ($)	Option Awards[(2)] ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value[(3)] ($)	All Other Compensation[(4)] ($)	Total Compensation ($)
					Annual Incentive Plans	Long-Term Incentive Plans			
Michael T. Waites,	2011	947,115	862,150	862,150	500,000	n/a	1,008,000	65,246	4,244,661
President and	2010	800,000	589,550	589,550	774,000	n/a	420,000	55,304	3,228,404
Chief Executive Officer	2009	800,000	614,458	715,836	432,000	n/a	355,000	49,913	2,967,207
David S. Smith,	2011	444,288	169,100	169,100	155,127	n/a	160,000	34,881	1,132,496
Executive Vice President	2010	405,908	160,105	160,105	282,786	n/a	115,000	38,136	1,162,040
and Chief Financial Officer	2009	361,539	195,590	227,876	177,833	n/a	65,000	136,259	1,164,097
Juan Carlos Villegas[(5)],	2011	526,072	169,100	169,100	278,555	n/a	n/a	133,356	1,276,183
President, Finning	2010	474,206	200,131	200,131	324,334	n/a	n/a	268,345	1,467,147
South America	2009	454,622	195,590	227,876	263,499	n/a	n/a	73,760	1,215,347
David E. Parker,	2011	447,078	169,100	169,100	84,538	n/a	336,000	37,104	1,242,920
Former President,	2010	395,037	160,105	160,105	277,535	n/a	84,000	31,717	1,108,499
Finning (Canada)	2009	400,000	195,590	227,876	191,120	n/a	99,000	29,367	1,142,953
Andrew S. Fraser[(6)],	2011	368,750	169,100	169,100	129,250	n/a	534,000	41,583	1,411,783
President, Finning,	2010	331,533	160,105	160,105	201,995	n/a	10,000	148,845	1,012,583
(Canada)	2009	368,543	195,590	227,876	169,088	n/a	48,000	103,508	1,112,605

(1) This refers to the grant of PSUs which were first introduced in 2009. They have been valued at the grant date using an expanded Binomial Valuation Model. This model has been chosen because it reflects values that are consistent with those utilized in compensation benchmarking reports used by Finning. Underlying assumptions and differences between the accounting assumptions and values are outlined in the table below. The values shown are "theoretical values" derived at a point in time and will be different than the value upon exercise.

The grant values shown are calculated as PSUs granted x PSU value, using the following PSU values:

	2011		2010		2009	
Assumptions	Grant Value	Accounting Value	Grant Value	Accounting Value	Grant Value	Accounting Value
Expected term in years	3	3	3	3	3	3
Expected volatility	41.74%	40.03%	41.02%	41.28%	34.97%	38.46%
Risk free interest rate	3.25%	2.00%	3.50%	2.00%	4.00%	1.64%
Expected dividend yield	2.34%	2.45%	2.30%	2.21%	1.81%	1.79%
Performance discount at target relative to payout schedule	85.00%	92.90%	80.00%	93.57%	80.00%	94.80%
Share price at grant	$ 28.29	$ 28.18	$ 17.43	$ 17.41	$ 14.64	$ 14.99
PSU value	24.05	26.18	13.94	16.29	11.71	14.21

(2) The grant price is the fair market value on the day prior to the grant day. Option awards granted in 2009 and 2010 were based on financial performance from the prior year; option awards granted commencing in 2011 are based on a comparative analysis to the comparator group and the executives' performance. The stock options granted have been valued at the grant date using the Binomial Valuation Model. This model has been chosen because it reflects values that are consistent with those utilized in compensation benchmarking reports used by Finning. Underlying assumptions and differences between the accounting assumptions and values are outlined in the table below. The values shown are "theoretical values" derived at a point in time and will be different than the value upon exercise.

The grant values shown are calculated as stock options granted x stock option value, using the following stock option values:

	2011		2010		2009	
Assumptions	Grant Value	Accounting Value	Grant Value	Accounting Value	Grant Value	Accounting Value
Expected option term in years	7	5.87	7	5.78	7	3.71
Expected volatility	41.74%	33.81%	41.02%	33.42%	34.97%	36.01%
Expected dividend yield	2.34%	1.88%	2.30%	1.75%	1.81%	1.69%
Risk free interest rate	3.25%	2.65%	3.50%	2.65%	4.00%	1.71%
Exercise price	$28.29	$28.29	$17.43	$17.43	$14.64	$14.64
Option value	10.52	8.44	5.86	5.20	4.73	3.72

(3) This refers to compensatory amounts that include the current pension service costs during the year as well as the impact of pay increases since the previous year's calculation. For further details, please refer to the "Pension Plan Disclosure" section outlined later in this management proxy circular.

(4) This includes all perquisites (e.g. car allowance, car benefits, tax return preparation, executive medical examinations and life insurance) and other personal benefits.

(5) Under the "All Other Compensation" column, Mr. Villegas received $44,898 towards a "Depositos Convenidos" or "Agreed Deposit" arrangement in 2011. Since Mr. Villegas does not participate in any of Finning's pension plans, the Agreed Deposit arrangement is intended to assist Mr. Villegas in respect of his retirement savings. Amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2011: 1 CLP = 0.002047 CAD. 2010: 1 CLP = 0.002022 CAD. 2009: 1 CLP = 0.002043 CAD.

(6) Amounts for 2009 and 2010 have been converted from Pounds Sterling based on the following average exchange rates: 2010: 1 GBP = 1.5918 CAD. 2009: 1 GBP = 1.7804 CAD.

LONG-TERM INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table summarizes all share-based and option-based awards which were held by each of the NEOs described below as at December 31, 2011.

	Option-based Awards					Share-based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Grant Date	Option Exercise Price[1] ($)	Option Expiration Date	Value of Unexercised In-the Money Options[2] ($)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Shares Awards at target that have not Vested[3] ($)	Market or Payout Value of Vested Share Awards not paid out or distributed[4] ($)
Michael T. Waites	81,990	May 18/11	28.29	May 18/18	–	35,850	796,229	–
	100,640	May 20/10	17.43	May 20/17	481,059	42,280	939,039	–
	151,240	May 22/09	14.64	May 22/16	1,144,887	–	–	–
	291,700	May 16/08	29.83	May 16/15	–	–	–	–
	65,600	May 16/07	31.67	May 16/14	–	–	–	–
	449,000	May 16/06	19.75	May 16/13	1,104,540	–	–	–
	–	Prior to 2006	–	–	–	–	–	254,416
David S. Smith	16,080	May 18/11	28.29	May 18/18	–	7,030	156,136	–
	27,330	May 20/10	17.43	May 20/17	130,637	11,480	254,971	–
	48,145	May 22/09	14.64	May 22/16	364,458	–	–	–
Juan Carlos Villegas	16,080	May 18/11	28.29	May 18/18	–	7,030	156,136	–
	34,160	May 20/10	17.43	May 20/17	163,285	14,350	318,714	–
	48,145	May 22/09	14.64	May 22/16	364,458	–	–	–
	92,100	May 16/08	29.83	May 16/15	–	–	–	–
	72,000	May 16/07	31.67	May 16/14	–	–	–	–
	4,800	May 11/05	16.22	May 11/12	28,752	–	–	–
	–	Prior to 2006	–	–	–	–	–	1,042,839
David E. Parker	16,080	May 18/11	28.29	Dec 31/14	–	7,030	156,136	–
	27,330	May 20/10	17.43	Dec 31/14	130,637	11,480	254,971	–
	48,145	May 22/09	14.64	Dec 31/14	364,458	–	–	–
	34,200	May 16/08	29.83	Dec 31/14	–	–	–	–
	33,800	May 16/07	31.67	May 16/14	–	–	–	–
	30,000	May 16/06	19.75	May 16/13	73,800	–	–	–
	13,600	May 11/05	16.22	May 11/12	81,464	–	–	–
	–	Prior to 2006	–	–	–	–	–	1,137,483
Andrew S. Fraser	16,080	May 18/11	28.29	May 18/18	–	7,030	156,136	–
	27,330	May 20/10	17.43	May 20/17	130,637	11,480	254,971	–
	32,097	May 22/09	14.64	May 22/16	121,483	–	–	–
	67,000	May 16/08	29.83	May 16/15	–	–	–	–
	72,000	May 16/07	31.67	May 16/14	–	–	–	–
	–	Prior to 2006	–	–	–	–	–	1,137,483

(1) The exercise price for the 2007 grant prior to rounding is $31.665.

(2) The Value of Unexercised In-the-Money Options at Financial Year-End was calculated using a Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011. Stock options have a seven-year term and vest over three years as outlined previously in this management proxy circular under the heading "Long-Term Incentives."

(3) The Value of PSUs at Financial Year-End was calculated using a Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011. PSUs vest at the end of three years if performance criteria are met as outlined previously in this management proxy circular under the heading "Long-Term Incentives."

(4) The Value of DSUs at Financial Year-End was calculated using a Common Share value of $22.21, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 30, 2011. DSUs can only be converted to a cash payment or shares upon termination of employment or retirement from Finning as outlined previously in this management proxy circular under the heading "Long-Term Incentives."

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of all share-based and option-based compensation which vested during the year ended December 31, 2011 for each of the individuals described below. This table also captures all non-equity incentive plan compensation earned during the year.

Name	Option awards – Value During the Year on Vesting[1] ($)	Realized Gains on Option Exercises ($)	Share Awards – Value During the Year on Vesting[2] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Michael T. Waites	1,057,509	–	441,141	500,000
David S. Smith	319,513	–	140,421	155,127
Juan Carlos Villegas	344,378	–	140,421	278,555[3]
David E. Parker	319,513	109,863	140,421	84,538
Andrew S. Fraser	319,513	214,445	140,421	129,250

(1) The value of stock options that vested during the fiscal year. The value equals the difference between the exercise price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on the vesting date. If the closing price of the Common Shares on the vesting date was below the exercise price, the stock options have no current value and are shown as "-." Stock options have a seven-year term and vest over three years as outlined previously in this management proxy circular under the heading "Long-Term Incentives."

(2) PSUs vest at the end of three years if performance criteria are met as outlined previously in this management proxy circular under the heading "Long-Term Incentives." PSUs granted in 2009 vested December 31, 2011 and were paid in cash; 3-year average ROE of 12.6% was achieved, which resulted in 39.7% vesting of the grant.

(3) Converted from Chilean Pesos based on average 2011 exchange rate (1 CLP = .002047 CAD).

TERMINATION AND CHANGE OF CONTROL BENEFITS

The table below outlines the compensation that would be paid to the Named Executive Officers upon termination or change of control.

Type of Termination	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension
Resignation (prior to retirement eligibility)	None	Payable in full if executive has worked the entire calendar year; otherwise none	Vested stock options must be exercised within 30 days of resignation or by the end of the original term, whichever is sooner Unvested PSUs are cancelled	None	No longer earns credited service
Retirement	None	Current year's incentive is prorated to retirement date	Vested stock options must be exercised within 3 years of retirement or by the end of the original term, whichever is first; unvested options continue to vest within this period and are available for exercise PSUs that vest upon achievement of performance criteria are payable; unvested PSUs are eligible to vest and prorated to retirement date	Post-retirement benefits are provided for 5 years or to the age of 65, whichever is sooner	No longer earns credited service
Termination (involuntary, not for cause)	Base salary is paid out in a lump sum: • CEO: one year plus an additional one month for every completed year of service • CFO: one year • Other NEOs: No other agreements in place	CEO and CFO: One year of target incentive Other NEOs: No other agreements in place	All NEOs: Vested stock options must be exercised within 30 days of termination or by the end of the original term, whichever is sooner Unvested PSUs are cancelled CEO: Amount equivalent to one year of target long-term incentive (PSUs and stock options)	If eligible for retirement, post-retirement benefits are provided for 5 years or to the age of 65, whichever is sooner	No longer earns credited service[1]

Type of Termination	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension
Termination (change of control)[2]	Base salary is paid out in a lump sum: • CEO: one year plus an additional one month for every completed year of service • CFO: one year • Other NEOs: No other agreements in place	CEO and CFO: One year of target incentive Other NEOs: No other agreements in place	All NEOs: Vested options are exercisable for a period beginning on the date which is seven days prior to the anticipated closing date and ending immediately prior to the completion of the transaction 50% of unvested options are exercisable for a period beginning on the date which is seven days prior to the anticipated closing date and ending immediately prior to the completion of the transaction; remaining unvested options are cancelled Vested PSUs still to be paid shall be redeemed Unvested PSUs may be deemed to be vested at the discretion of the Human Resources Committee and redeemed CEO: Amount equivalent to one year of target long-term incentive (PSUs and stock options)	If eligible for retirement, post-retirement benefits are provided for 5 years or to the age of 65, whichever is sooner	No longer earns credited service[1]

(1) An offset of severance or similar amounts to the supplemental pension benefits may apply.
(2) A change in control is defined as a transaction whereby Finning is not the surviving entity of a merger, consolidation or amalgamation with another corporation or in the event of a liquidation or reorganization.

The table below shows the amounts that would have been paid if the Chief Executive Officer or Chief Financial Officer had been involuntarily terminated without cause or due to a change of control on December 31, 2011.

Name and Principal Position	Base Salary ($)	Target Short-Term Incentive Plan ($)	Target Long-Term Incentive Plan ($)	Total[1] ($)
Michael T. Waites, President and Chief Executive Officer	1,345,833	712,500	Termination: 1,724,300 Change of control: 2,075,465	Termination: 3,782,633 Change of control: 4,650,267
Dave S. Smith, Executive Vice President and Chief Financial Officer	445,000	200,250	Terminations: n/a Change of control: 104,287	Terminations: 645,250 Change of control: 850,804

(1) An offset of severance or similar amounts to the supplemental pension benefits may apply.

David E. Parker
Mr. Parker stepped down as President, Finning (Canada) on October 17, 2011 and provided transition assistance until his retirement on December 31, 2011. Under the terms of his settlement, which include confidentiality, non-competition and non-solicitation agreements, he received a retirement allowance in the amount of $1,213,186 in January 2012, which consists of amounts that are equivalent to 18 months of base pay, an approximation of his short-term incentive payment for 18 months and the approximate value of 18 months of pensionable service.

PENSION PLAN DISCLOSURE

Finning provides various pension plans for its employees. Executive pensions are generally intended to be set at the market median when compared to pension benefits provided by comparator companies.

In the U.K., commencing in April 2012, new service accruals in the existing defined benefit plan will cease for all UK employees, including senior executives. From that date, senior executives in the U.K. will participate in a defined contribution arrangement with Finning (UK) contributing 16% of base salary and executives contributing 5%. None of the current NEOs are UK employees.

In South America, no company-sponsored pension plans exist.

In Canada, prior to January 1, 2010, executives at the level of Vice-President or above were enrolled in a registered defined benefit pension plan entitled the Finning International Inc. Retirement Plan (Executive Group) (the "Plan") and an executive supplementary income plan (the "SIP"). Commencing January 1, 2010, the Plan and the SIP were closed to new entrants and new executives at the level of Vice-President or above are enrolled in a defined contribution pension plan.

CANADIAN EXECUTIVE DC PENSION PLAN

Contributions to executives under the new defined contribution pension plan are at a rate of 12% of base salary plus bonus under the Short-Term Incentive Program, where such bonus will be capped at target. All contributions will be made to a registered plan to the extent permitted under the Income Tax Act ("ITA"), and notional contributions for amounts in excess of ITA limits will be made to an unfunded supplemental accumulation plan.

CANADIAN EXECUTIVE DB PENSION PLAN

During 2011, all current NEOs who are Canadian nationals participated in the Plan and the SIP. Participants in these plans are not required to make any contributions to either the Plan or the SIP. The SIP is generally intended to 'top up' an executive's pension that is capped under the Plan due to statutory limits. Any exceptions to this are noted below.

Under the terms of the Plan and the SIP, the total combined amount of pension payable to an executive is determined as 2% of a participant's final average earnings multiplied by the total number of years of credited service. The total pension is capped at 70% of a participant's final average earnings, essentially capping service at 35 years. Final average earnings are defined as the average annual pensionable earnings (130% of base salary under the SIP) during the 36 consecutive months within the last 10 consecutive years of employment in which such earnings were the highest. Short-term and long-term incentive payout amounts are not included in the final average earnings. Pensions are reduced at a rate of 3% per year before age 60, for retirement after age 55.

In addition to the above, a 2-1/2 year service bonus component was part of the SIP pension calculation for retirement at age 60 for any member who joined the SIP prior to August 2, 2004. The service bonus grades from 0 to 2-1/2 years for retirement between ages 55 and 60, and grades back to 0 for retirement between ages 60 and 65, unless such continued employment beyond age 60 is at the request of Finning. This service bonus component is no longer provided to new participants after August 2, 2004.

In very limited circumstances, additional supplemental benefits have been provided under the SIP. Among the current NEOs, only Mr. Waites is entitled to an additional supplement to his pension payable from the SIP as described below.

The number of credited years of service at December 31, 2011, the estimated annual pension benefits payable and the estimated value of the accrued obligation at the end of both 2010 and 2011 (including a broad reconciliation over the year) for each of Finning's NEOs are provided in the following table:

Name (a)	No. of Years Credited Service (#) (b)	Annual Benefits Payable[(1)] ($) (c)		Accrued Obligation at Start Year ($) (d)	Compensatory[(2)] ($) (e)	Non-Compensatory[(2)] ($) (f)	Accrued Obligation at Year End ($) (g)
		At year end (c1)	At age 65 (c2)				
Michael T. Waites[(3)]	5.7	125,200	483,700	2,564,000	1,008,000	590,000	4,162,000
David S. Smith	2.8	30,800	163,900	251,000	160,000	86,000	497,000
Juan Carlos Villegas[(4)]	n/a	n/a	n/a	n/a	n/a	n/a	n/a
David E. Parker[(5)]	13.3	144,200	285,400	1,977,000	336,000	420,000	2,733,000
Andrew S. Fraser[(5)]	12.5	118,600	339,300	1,444,000	534,000	459,000	2,437,000

(1) Annual benefits payable are determined using the plan formula. The estimate of annual benefits payable at year end represent unreduced pensions payable prior to any application of early retirement reductions. The estimate of annual benefits payable at age 65 uses the executive's current salary rate.

(2) Compensatory amounts shown include the current service cost during 2011 as well as the impact of pay increases since the previous year's calculation. Non-Compensatory amounts include other elements such as changes in assumptions. The assumptions applied in determining the projected benefits and obligations reflect the same assumptions used in Finning's annual financial statements. Certain year-end assumptions for 2011 changed from those used for 2010 in order to conform to accounting standards set out by the Canadian Institute of Chartered Accountants as at December 31, 2010 and IFRS as at December 31, 2011, resulting in the increased obligations shown in this table. The key assumption change that resulted in the Non-Compensatory increases was the corporate bond yield discount rate, which decreased over the year.

(3) Mr. Waites will accrue an additional year of credited service for each year of service from his hire date (May 1, 2006) to April 30 in the year he attains age 60, conditional upon his remaining with Finning for at least six years (until April 30, 2012). His Credited Service shown in column (b) and applied in column (c1) includes his service with Finning to date. However, the Annual Benefits Payable at age 65, as shown in column (c2), include an additional seven years of service that will be granted should his employment continue as above.

(4) Mr. Villegas does not participate in the Plan or the SIP, as Finning South America is not a designated employer participating under the Plan or the SIP or any other Finning pension plan. Mr. Villegas receives a "Depositos Convenidos" or "Agreed Deposit" arrangement intended to assist Mr. Villegas in respect of retirement savings and is reported as "Other Compensation" in the compensation tables.

(5) Mr. Parker and Mr. Fraser joined the SIP prior to August 2, 2004, and therefore are entitled to up to an additional 2-1/2 years of Credited Service if they remain with Finning until age 60. This service is included in current Credited Service as shown in column (b) only to the extent the individual is currently eligible. As Mr. Parker retired on December 31, 2011 at age 56, his additional service entitlement was 0.5 years. The Annual Benefits Payable at age 65, as shown in column (c2), include the additional 2-1/2 years, on the assumption that the individuals remain with Finning beyond age 60 at Finning's request.

CONCLUSION

The Human Resources Committee carefully considered the overall stewardship and governance implications of the 2011 compensation awards, as demonstrated in the highlights of the Committee's activities outlined earlier in the "Human Resources Committee: Mandate and Report" section and in the foregoing discussion, and is satisfied that it has fulfilled its mandate on behalf of the Board.

SECTION VI – OTHER INFORMATION

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Finning provides liability insurance for its directors and officers. The current policy limit is $100,000,000 each loss/each policy year. The deductible is nil for a non-indemnifiable loss against the individual directors and officers, $250,000 for Finning for an indemnifiable loss against the directors and officers and $500,000 for any securities claims.

APPROVAL OF THIS CIRCULAR

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

Dated as of March 15, 2012.

J. Gail Sexsmith
Corporate Secretary

SCHEDULE A

FINNING INTERNATIONAL INC.
2005 STOCK OPTION PLAN

The following is a summary of the key terms of Finning's existing Option Plan. Shareholders who wish to review a full copy of the Option Plan should contact the Corporate Secretary.

Under the Option Plan, the Board is authorized to issue options to senior executives of Finning or its subsidiaries. The terms of such options will include:

Term of Option: As determined by the Board at the time of grant, provided such term is not more than seven years after grant date.

Exercise Price: As determined by the Board at the time of grant, provided such price is not less than the weighted average trading price of the Common Shares on the business day prior to the grant date.

Vesting: Options vest in three equal tranches, beginning on the first anniversary of the grant date and ending on the third anniversary of the grant date.

Transferability: Options are non-assignable and non-transferable.

Exercise: All exercises of options will generally be done using a cashless exercise method which involves the holder thereof voluntarily giving up the right to exercise a number of vested options with a value equal to the purchase price of the Common Shares to be issued. The Common Shares underlying such cancelled vested options shall continue to be available for future issuance upon the grant and exercise of Options subsequently granted under the Option Plan. Finning may consent to the exercise of options using a traditional cash method.

In the event that the employment of a senior executive is terminated while such executive holds options issued under the Option Plan, all unvested options will become immediately void, except as described below. In addition, the following rules will apply:

(a) if the executive dies, all unvested options immediately vest and each vested option may then be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is one year after such termination of employment;

(b) if the executive becomes disabled or retires (so long as it is not retirement for the purpose of accepting competitive employment), each vested option may then be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is three years after such termination of employment. In addition, any unvested option which would normally have vested during such exercise period will be considered to be a vested option as of the date of such vesting;

(c) if the executive is dismissed without cause or voluntarily resigns, such vested options may be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is 30 days after such termination of employment;

(d) if the executive voluntarily resigns for the purpose of accepting competitive employment, then unless specifically determined otherwise by the Human Resources Committee of the Board of Directors (or its successor), such vested options may be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is 30 days after such termination of employment; and

(e) if the executive is dismissed with cause, such vested options shall be immediately null and void unless otherwise determined by the Human Resources Committee of the Board of Directors (or its successor).

The maximum number of Common Shares issuable upon the exercise of options granted under the Option Plan is currently fixed at 7,470,000. As at March 15, 2012:

(a) 4,637,953 options were issued and outstanding under the Option Plan (representing 2.70% of the total number of issued and outstanding shares as of such date);

(b) 2,128,162 Common Shares (representing 1.24% of the total number of issued and outstanding shares as of such date) remain available for future issuance under the Option Plan; and

(c) 703,885 Common Shares issuable under the Option Plan (up to the maximum number specified above) have previously been issued and are no longer available for future issuance.

The table below summarizes the option activity, including grants, cancellations and exercises from March 17, 2011 to March 15, 2012, under our 2005 Stock Option Plan.

	As at March 17, 2011		Activity			As at March 15, 2012	
2005 Stock Option Plan	# of Common Shares or Options	% of Shares Outstanding	# of Options Granted	# of Options Cancelled and/or withheld	# of Options Exercised and issued	# of Common Shares or Options	% of Shares Outstanding
Shares issued on exercise of options	401,248	0.23%			302,637	703,885	0.41%
Options granted and outstanding	5,379,826	3.14%	479,540[1]	(918,776)	(302,637)	4,637,953	2.70%
Options available for future grants	1,688,926	0.98%	(479,540)	918,776		2,128,162	1.24%
Total:	7,470,000	4.35%				7,470,000	4.35%

(1) Options granted to senior executives on May 18, 2011 represent 0.28% of the issued and outstanding Common Shares of Finning, as at March 15, 2012.

The maximum number of Common Shares issuable under the Option Plan may be increased with the approval of shareholders by way of an ordinary resolution and the approval of all necessary regulatory authorities. In addition, any amendments to the Option Plan or re-pricing of previously issued options will require approval of shareholders by way of an ordinary resolution.

The total number of options granted to insiders of Finning under the Option Plan, when combined with all other security-based compensation arrangements of Finning, cannot exceed 10% of the total number of issued and outstanding Common Shares.

The number of Common Shares issuable, and the exercise price in respect of, options issued under the Option Plan will be adjusted in the event of any stock splits, consolidations or similar transactions. In addition, if Finning is not the surviving entity of a merger or similar transaction or in the event of a liquidation or reorganization and in the absence of the surviving corporation assuming Finning's obligations under outstanding option grants, the following rules apply:

(a) all vested options may be exercised by a senior executive up to the closing of the transaction and thereafter are null and void; and
(b) 50% of all unvested options are exercisable by a senior executive for a period of seven days prior to the anticipated closing of the transaction. Any such unvested options not exercised and all other unvested options will thereafter be null and void.

Finally, Finning is authorized, subject to receipt of all necessary regulatory approvals, to adopt sub-plans that apply to designated executives or groups of executives. The purpose of giving Finning the ability to adopt such sub-plans is to ensure that Finning has the ability to tailor specific plans to meet local taxation and regulatory requirements in jurisdictions outside Canada where Finning employs senior executives. As part of the Stock Option Plan, the Board of Directors has approved a sub-plan for residents of the United Kingdom which contains some minor variations in terms which are necessary to comply with local tax requirements including a requirement that all option exercises must be done using a cash exercise method.

	PRACTICE	FINNING
1.	**Board of Directors**	
(a)	Disclose the identity of directors who are independent.	All directors of Finning are independent, other than Michael T. Waites.
(b)	Disclose the identity of directors who are not independent, and describe the basis for that determination.	Michael T. Waites is the current President and Chief Executive Officer of Finning. Mr. Waites 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. It also meets in camera without Michael T. Waites. In addition, where matters directly involving Michael T. Waites (such as compensation issues) are being discussed, Michael T. Waites is excused from those discussions and the 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, Douglas W. G. Whitehead, 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 in the *Governance Section – Corporate Governance (Corporate Governance Policies)*. The Board has appointed John M. Reid as Lead Director. Mr. Reid is independent. The Lead Director's roles and responsibilities are described in the "Terms of Reference for the Lead Director", which are posted on Finning's website in the Governance Section – Corporate Governance (Corporate Governance Policies).
(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 the table "Summary of Attendance of Directors" on page 18.
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. In addition, the Board has also developed a written position description for the Lead Director.

	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 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 22.
	(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 22.
(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 22.
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 Finning.
	(i) disclose how a person or company may obtain a copy of the code;	The Code is available on Finning'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 2011 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 Finning'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 or appointment. At least annually, the Committee reviews the Board's current composition by comparing the diversity of skills, attributes and experience of Board members against Board requirements. See page 21 for further details on the Director Nomination process and Skills Matrix.

	PRACTICE	FINNING
(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 30.
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 Finning'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 Director Compensation beginning on page 35 and in the executive compensation discussion and analysis starting on page 39.
(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 28.
(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 engages consultants from time to time. This is discussed in the Human Resources Committee's report on page 30. The Corporate Governance Committee last retained Consultants in 2008 to assist in determining compensation for Finning's independent directors.
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.	Finning has a Corporate Governance Committee, an Environment, Health and Safety Committee and a Pension Committee. The mandates of these committees are described on pages 30, 32 and 33, respectively.
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 Board 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. Details on assessments undertaken in 2011 are described on page 22.

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 Finning 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 Finning, 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 Finning.

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 Finning, 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 of all corporate officers and the remuneration of all senior executive officers reporting directly to the CEO;
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 Finning'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 Finning'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 Finning'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 Finning is operated;

ii) for adopting a written Code of Business Conduct and Ethics and a Code of Ethics for Senior Executive and Financial Management;

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

iv) for ensuring systems are in place which are designed to ensure that Finning 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 Finning'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 Finning.

G. Reporting to Stakeholders

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

ii) The Board has the responsibility to direct management:

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

b) to ensure that the financial performance of Finning 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 Finning;

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

f) to ensure that Finning 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 Finning, identifies the following as legal requirements for the Board:

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

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

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 Finning'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 Finning;

f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of Finning from Finning 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 Finning; and

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

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 offer to submit his or her resignation to the Board if requested by the Board to do so.

Upon receipt of such offer, 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 offer to resign should be accepted. In the absence of extraordinary circumstances, the Board expects the Corporate Governance Committee will recommend accepting such offer to resign.

After considering the recommendation of the Corporate Governance Committee, the Board of Directors shall decide whether or not to accept the offer to resign. If the Board decides to accept such offer, the nominee will immediately provide his or her formal resignation to the Board, and such resignation will be deemed to take effect immediately. In any event, Finning shall, not later than 90 days after the shareholders' meeting, issue a press release which either confirms that the nominee has formally resigned or provides an explanation for why the Board has refused to accept the nominee's resignation offer. The director tendering his or her offer to resign will not participate in any meeting of the Corporate Governance Committee or Board which considers the offer to resign.

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.

2012 MANAGEMENT PROXY CIRCULAR

FINNING INTERNATIONAL INC.