

2014

MANAGEMENT
PROXY
CIRCULAR

NOTICE OF 2014
ANNUAL MEETING

March 18, 2014

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 13, 2014, 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 executives and directors. It also describes the Board's roles and responsibilities and the key activities the Board committees undertook in 2013.

We welcome your attendance at our Annual Meeting which offers you the opportunity to personally hear about our 2013 performance and our focus and strategy for the future, from our newly appointed President and Chief Executive Officer, Scott Thomson.

The Board welcomes Kevin Neveu, who was appointed to the Board in December 2013. Mr. Neveu brings considerable oil and gas experience and perspective in understanding the needs and concerns of a large segment of our business.

The Board is proposing two new nominees for election at our Annual Meeting, Marcelo Awad from Chile and Nicholas Hartery from the Republic of Ireland. Mr. Awad and Mr. Hartery bring considerable international experience and skills complementary to our Board and our business.

The Board would also like to acknowledge David Emerson and Bruce Turner for their dedicated service and contributions to Finning, to the Board and to our shareholders. Mr. Turner stepped down from the Board in June 2013 and Mr. Emerson is not standing for re-election at our Annual Meeting in May.

Your vote is important. We encourage you to participate in this process by voting your shares and, if possible, by attending the Annual Meeting where you can consider and vote on a number of important matters. 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 further 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



L. Scott Thomson
President & Chief Executive Officer

NOTICE OF ANNUAL MEETING

An Annual Meeting of the Shareholders of FINNING INTERNATIONAL INC. (Finning, Company 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 13, 2014 for the following purposes:

1. to receive the consolidated financial statements for the year ended December 31, 2013 and the auditors' report thereon;
2. to appoint auditors and to empower the directors to determine the auditors' remuneration;
3. to consider, and if thought fit, to pass an ordinary resolution extending Finning's Amended and Restated Shareholder Rights Plan for three years;
4. to consider and approve an ordinary resolution ratifying and confirming the adoption of an Advance Notice By-law by the Board of Directors;
5. to consider and approve, on an advisory basis, an ordinary resolution to accept Finning's approach to executive compensation;
6. to elect directors; and
7. to transact other business as may properly come before the meeting.

Shareholders of record at the close of business on March 18, 2014, will be entitled to vote at the meeting and are encouraged to participate either by proxy or in person.

DATED the 18th day of March, 2014.

BY ORDER OF THE BOARD



J. Gail Sexsmith
Corporate Secretary

IMPORTANT

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.

CANADIAN NOTICE AND ACCESS RULES

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

This year Finning will, once again, deliver meeting related materials to NOBOs and OBOs using a “notice and access” procedure. Using this procedure, rather than delivering paper copies of this management proxy circular to NOBOs and OBOs, Finning is instead delivering a short-form notice and related materials (collectively, the “Short Form Notice”) to NOBOs and OBOs that provides details relating to the meeting and voting procedures to be followed, and also describes how NOBOs or OBOs can obtain either an electronic copy of this management proxy circular (either from the SEDAR website at www.sedar.com or the Finning website at www.finning.com) or, if desired, a paper copy of this management proxy circular by dialling 1-888-346-6464.

Accordingly:

- (a) if you are a NOBO, Finning’s agent (Broadridge Financial Solutions, Inc.) has sent the Short Form Notice 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 voting instruction form provided by Broadridge Financial Solutions, Inc. and included in your Short Form Notice package; and
- (b) if you are an OBO and receive the Short Form Notice 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.

In either case, NOBOs or OBOs who wish to obtain a full copy of the management proxy circular should follow the instructions for doing so in the Short Form Notice. *All shareholders are urged to carefully review the management proxy circular before casting any votes on any matters to be considered at the meeting.*

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SECTION I – VOTING

MEETING PROCEDURES

Who can go to the meeting?

Anyone who holds Common Shares of Finning as of March 18, 2014, which is the record date for the meeting, or has been appointed proxyholder by such a shareholder, is entitled to attend the meeting. Other members of the public may attend the meeting, subject to the discretion of the Chair of 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 18, 2014, or have been appointed proxyholder by such a shareholder, 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 18, 2014 Finning had 172,120,683 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 18, 2014, 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). If you hold your shares through a brokerage account, it is highly likely you are a non-registered shareholder.

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, Douglas W.G. Whitehead and L. Scott Thomson, 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 9, 2014.

If the meeting is adjourned, your proxy must be received 48 hours, excluding weekends 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 18, 2014, 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 12, 2014, 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 2015 annual meeting of shareholders must deliver their proposals to Finning by no later than December 19, 2014. All shareholder proposals must comply with the applicable requirements of the *Canada Business Corporations Act* (CBCA) 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 as at December 31, 2013.

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, 2013. These documents are contained in Finning's 2013 Financial 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 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 35.

EXTENSION OF SHAREHOLDER RIGHTS PLAN

On September 13, 1989, the Board of Directors of Finning adopted a shareholder rights plan (Rights Plan). The Rights Plan has subsequently been amended several times and extended by the shareholders of Finning at several annual meetings since 1995. The Rights Plan currently provides that it will terminate at the end of the annual meeting to be held on May 13, 2014 unless it is extended by a majority of votes cast at the meeting.

Shareholders will be asked to consider, and if thought fit, pass an ordinary resolution extending the Rights Plan for three years such that it will automatically terminate at the end of Finning's annual meeting in 2017 unless further extended by the shareholders prior to that time.

Finning is aware that the Canadian Securities Administrators are currently considering changes to the rules governing rights plans in Canada. In the event that shareholders approve the three year extension of the Rights Plan at the meeting, and if new rules are subsequently implemented, Finning will consider the requirements of such new rules and determine whether any additional changes are required to the Rights Plan. Subject to the requirements of such rules, Finning expects that it would submit any such additional changes to the Rights Plan for shareholder approval at a future meeting.

SUMMARY OF KEY TERMS OF RIGHTS PLAN

The following is a summary of the key terms of the Rights Plan. A copy of the current Rights Plan is available at www.sedar.com. A print copy of the draft amended and restated Rights Plan which reflects the extension of the Rights Plan to 2017 may be obtained from the Corporate Secretary of Finning.

TRADING OF RIGHTS

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

SEPARATION TIME

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

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

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

WHEN RIGHTS BECOME EXERCISABLE

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

PERMITTED BIDS

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

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

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

PERMITTED LOCK-UP AGREEMENT

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

- (a) permit a shareholder to terminate the agreement in the event a superior bid is made or other superior transaction is proposed; and
- (b) provide for “break fees” or similar fees in an amount which do not exceed the greater of:
 - A. 2.5% of the consideration payable to locked shareholders under the Lock-up Bid, and
 - B. one-half of the difference between the consideration payable to locked shareholders under the Lock-up Bid and the consideration payable to locked shareholders under the superior bid or other transaction,

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

PROTECTION AGAINST DILUTION

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

REDEMPTION AND WAIVER

At any time prior to the occurrence of a Flip-in Event, the Board may (provided it has received the prior consent of shareholders by a majority vote) redeem all, but not less than all, of the then outstanding rights at a redemption price of \$0.001 per right, subject to adjustment.

The Board of Directors may waive the application of the Rights Plan to any Flip-in Event if it determines that a person became an Acquiring Person by inadvertence, conditional upon such person having, within ten days after the determination by the Board of Directors, reduced its beneficial ownership of shares such that it is no longer an Acquiring Person. The Board of Directors may also, until a Flip-in Event has occurred, waive the application of the Rights Plan to any particular Flip-in Event which occurs as a result of a Take-over Bid circular sent to all shareholders but in that event, the Board of Directors must waive the application of the Rights Plan to any Flip-in Event occurring as a result of a Take-over Bid which has occurred previously to the initial waiver (and remains outstanding at the time of the initial waiver) or that occurs within 75 days after the initial waiver.

AMENDMENTS

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

TERM

If the Rights Plan is extended at the annual meeting of shareholders on May 13, 2014, it will terminate at the termination of the annual meeting of shareholders to be held in 2017. If it is not extended, it will terminate at the end of the meeting on May 13, 2014.

CANADIAN INCOME TAX CONSEQUENCES

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

As a shareholder you have the opportunity to vote for or against the extension to Finning's Rights Plan, through the following resolution:

BE IT RESOLVED that:

- (a) the extension (Extension) of Finning's amended and restated Shareholder Rights Plan for three years as described in this management proxy circular is hereby approved; and
- (b) any one director or officer is hereby authorized, on behalf of Finning, to execute and deliver an amended and restated Shareholder Rights Plan which reflects the Extension.

The Board recommends that shareholders vote "for" the resolution to extend Finning's amended and restated Shareholder Rights Plan.

RATIFICATION OF ADVANCE NOTICE BY-LAW

Effective February 19, 2014, the board adopted a new Advance Notice By-law which requires that advance notice be given to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the CBCA; or (ii) a shareholder proposal made pursuant to the provisions of the CBCA.

Among other things, the Advance Notice By-law sets a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be given no less than 30 days nor more than 65 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice By-law will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. The Corporation will thus be able to evaluate the proposed nominees' qualifications and suitability as directors and communicate its views to shareholders in a timely way. It will also facilitate an orderly and efficient meeting process.

At the meeting of shareholders on May 13, 2014, shareholders will be asked to review and, if deemed appropriate, to adopt the resolution of the shareholders reproduced below to ratify the Advance Notice By-law. To be adopted, this resolution must be approved by the majority of the votes cast by holders of Common Shares:

BE IT RESOLVED that:

- (a) the Advance Notice By-law adopted by the Board of Directors of the Corporation, the full text of which is reproduced in Schedule E to the Management Proxy Circular of the Corporation dated March 18, 2014, be ratified; and
- (b) any director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to do all acts and things, as such director or officer may determine necessary or advisable to give effect to this resolution.

The Board recommends that shareholders vote “for” the approval of the ratification to adopt the Advance Notice By-law.

Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote “for” this resolution and the ratification of the Advance Notice By-law. In the event the resolution is not approved, the Advance Notice By-law will cease to be effective as of the date of the Meeting.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

As part of Finning’s commitment to strong corporate governance practices, since 2011 the Board has given 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 2013 and 2012 annual meetings, Finning’s approach to executive compensation was approved by 95.78% and 95.76%, respectively, of the Common 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 its 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 50. 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 regarding executive compensation directly 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 33.

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 2014 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, in a post-meeting press release, and in its report on the voting results for that meeting, which will be filed at www.sedar.com.

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. During 2013 the following appointments and retirements of directors occurred:

- Mr. Waites did not stand for re-election at the May 8, 2013 annual meeting of Shareholders, and retired as a director on that date. He retired as President and Chief Executive Officer of the Corporation on June 17, 2013;
- Mr. Thomson was appointed as President and Chief Executive Officer and as a Director of the Corporation on June 17, 2013;
- Mr. Turner resigned from the Board on June 18, 2013;
- Mr. Neveu was appointed to the Board of Directors on December 1, 2013.

RETIREMENT

As of the date of this proxy, the current number of directors that serve on the Board is eleven. Mr. Emerson will not be standing for re-election as a director but all other existing directors will be standing for re-election.

PROPOSED MANAGEMENT NOMINEES FOR ELECTION AS DIRECTORS

This year, two new director nominees will stand for election at the annual meeting. In accordance with the By-laws of Finning, the Board of Directors has determined that 12 directors shall stand for election at the annual meeting.

The Board has assessed the relative diversity of skills, attributes and experience that the 12 directors standing for re-election and election offer, and is 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 12 individuals for re-election and 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.

All proposed management nominees are currently directors of Finning, with the exception of Marcelo Awad and Nicholas Hartery, who are new nominees. 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, Nicholas Hartery, who resides in the Republic of Ireland, and Ricardo Bacarreza and Marcelo Awad, who both 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. Finning will issue a press release following the annual meeting and will file on SEDAR at www.sedar.com, the results of the complete voting regarding all items of business conducted at the annual meeting, including the number of votes cast FOR and WITHHELD from each individual director.

Information regarding each of the proposed nominees, as at December 31, 2013, is set out in the following tables. For each nominee, the information provided includes:

- a brief biography and country of residence;
- independence status;
- date first appointed to the Board;
- areas of expertise;
- board and committee membership and meeting attendance;
- details on other public board memberships and board interlocks, if any;
- details on annual meeting voting results for the past two years, where applicable;
- details on attainment of share ownership requirements;
- securities held and market value for the past two years; and
- director compensation for the past two years.



MARCELO AWAD – SANTIAGO, CHILE

- Age: 61
- New Proposed Director (Independent)

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

Mr. Awad is a Corporate Director and serves as a senior advisor to both Barrick Gold South America and to Mitsubishi Corporation Investments, both in Chile. Mr. Awad spent 16 years with Antofagasta Minerals SA and served as President & Chief Executive Officer for over seven years until his departure in 2012. Prior to joining Antofagasta Minerals, Mr. Awad spent eighteen years with Codelco in progressively senior positions in both London and Chile until leaving his position of Executive Vice President, Copper Trading & Futures in 1996. In London, Mr. Awad was a director of the London Metal Exchange. Mr. Awad serves on the Board and is Chairman of the Investment Committee of Bethia Holding Company, a family diversified Investment Group. He currently serves on the boards of AC Perforaciones, a drilling services company, Haldeman Mining Company, a copper and gold mining company, Echeverria Izquierdo S.A., a Chilean engineering and construction company, and SAME Industrial, an environment engineering company.

Mr. Awad holds a Civil Engineering degree and is a graduate of Universidad Tecnica del Estado and is fluent in English and Spanish.

Finning Board/Committee Memberships	Attendance at Meetings during 2013
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Mr. Awad is not currently a director	Not applicable
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Other Public Company Boards/Committee Memberships		
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Company	Type of Company	Positions
Echeverria Izquierdo S.A.	Engineering and construction company	Director and Chair of the Audit Committee

Public Board Interlocks

None

Securities Held						
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Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	Nil	Nil	Nil	Nil	Not applicable	Not applicable



RICARDO BACARREZA – SANTIAGO, CHILE

- Age: 68
- Director since: 1999
- Independent Director

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

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

Finning Board/Committee Memberships	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	9 of 10	Jan 1 – Dec 31	90%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Safety, Environment & Social Responsibility 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

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	126,912,646	99.47%	671,126	0.53%
2012	124,087,409	99.62%	468,688	0.38%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	25,000	48,163	73,163	\$ 1,986,375	23,940	Yes
2012	28,000	43,678	71,678	\$ 1,761,128		
Change	(3,000)	4,485	1,485	\$ 225,247		

Value of Total Compensation Received	
2013	\$ 173,000
2012	\$ 163,171



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

- Age: 64
- Director since: 2007
- Independent Director

Areas of Expertise: CEO/SEO, Growth, Industry Experience, Banking, 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, Brand Energy and Industrial Services 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, Boston, Massachusetts. Mr. Carter has also been awarded honorary doctorates by three Canadian universities.

Finning Board/Committee Memberships	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	10 of 10	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%
Safety, Environment & Social Responsibility Committee, Chair ⁽³⁾	2 of 2	June 18 – Dec 31	100%
Special Recruitment Committee	9 of 9	Jan 1 – May 8	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

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	127,196,022	99.70%	387,750	0.30%
2012	124,098,958	99.63%	457,449	0.37%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	10,000	36,343	46,343	\$ 1,258,212	23,940	Yes
2012	10,000	32,023	42,023	\$ 1,032,505		
Change	0	4,320	4,320	\$ 225,707		

Value of Total Compensation Received	
2013	\$ 194,500
2012	\$ 167,671



NICHOLAS HARTERY – LIMERICK, REPUBLIC OF IRELAND

- Age: 62
- New Proposed Director (Independent)

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

Mr. Hartery is Chairman of CRH plc, an Irish-based international building materials group, where he has been a non-executive director since 2004. He is also President & Chief Executive Officer of Prodigium LLC, a consulting company providing business advisory services. Mr. Hartery was Vice President of Manufacturing and Business Operations for Dell Inc.'s Europe, Middle East and Africa operations from 2000 to 2008. He has also served as an Executive Vice President at Eastman Kodak and served as the President & Chief Executive Officer at Verbatim Corporation. Mr. Hartery also serves on the boards of Musgrave Group, a privately owned international food retailer, and Eircom Group Ltd., a telecommunications service provider in Ireland.

Mr. Hartery is a Chartered Engineer and Fellow of the Institute of Engineers of Ireland (C.Eng. F.I.E.I.). He holds a Bachelor of Engineering (Electrical) from University College Cork and holds an MBA from University of Galway.

Finning Board/Committee Memberships	Attendance at Meetings during 2013
Mr. Hartery is not currently a director	Not applicable

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
CRH plc	Building materials manufacturing and distribution company	Director and Chairman and member of the Remuneration Committee, Chair of the Finance Committee, Nomination & Corporate Governance Committee and the Acquisitions Committee

Public Board Interlocks
None

Securities Held							
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾		
					Target Units (Common Shares and DSUs)	Meets Target Requirements	
2013	Nil	Nil	Nil	Nil	Not applicable	Not applicable	



KEVIN A. NEVEU – CALGARY, ALBERTA, CANADA

- Age: 53
- Director since: 2013
- Independent Director

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

Mr. Neveu is President & Chief Executive Officer and a Director of Precision Drilling Corporation. He joined Precision in August 2007 as a Director and Chief Executive Officer. Mr. Neveu was previously President of the Rig Solutions Group of National Oilwell Varco in Houston and held senior management positions with it and its predecessor companies in London, Moscow, Houston, Edmonton and Calgary. Mr. Neveu also serves on the Board of Bonanza Creek Energy, Inc. in Denver and RigNet, Inc. in Houston. He is also a member of the Advisory Board for The Heart and Stroke Foundation of Alberta, a Director for a Canadian national sports non-profit organization, and an Advisor for the University of Calgary's School of Public Policy. Mr. Neveu is a director and member of the Executive Committee for the International Association of Drilling Contractors.

Mr. Neveu holds a Bachelor of Science degree and is a graduate of the Faculty of Engineering at the University of Alberta and has also completed the Harvard Advanced Management Program in Boston, Massachusetts. In 1984, Mr. Neveu was recognized as a Professional Engineer by the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Finning Board/Committee Memberships ⁽⁴⁾	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	1 of 1	Dec 1 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Position
Precision Drilling Corporation	Oilfield services	Director
Bonanza Creek Energy, Inc.	Exploration production	Director and member of the Compensation Committee and Chair of the Governance & Nominating Committee
RigNet, Inc. ⁽⁵⁾	Oilfield communication	Director and member of the Compensation Committee and Chair of the Governance & Nominating Committee

Public Board Interlocks
None

Annual Meeting Voting Results ⁽⁴⁾

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	10,000	260	10,260	\$ 278,559	n/a ⁽⁶⁾	n/a ⁽⁶⁾

Value of Total Compensation Received ⁽⁴⁾	
2013	\$ 13,962



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

- Age: 60
- 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 and experienced Audit Committee Chair. 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 ARC Resources Limited, Invesco Canada Funds (Invesco Canada Fund Inc. and Invesco Corporate Class Inc. boards, and Invesco Canada Funds Advisory Board and Independent Review Committee) and Cadillac Fairview Corporation Ltd. Ms. O'Neill is past Chair of St. Joseph's Health Centre and St. Joseph's Health Centre Foundation and past director of the University of St. Michael's College in Toronto.

In 2005, Ms. O'Neill was accredited through the Institute of Corporate Directors / Rotman School of Management Director's Education Program. She is on the Ontario Advisory Council for the Institute of Corporate Directors (ICD) and is a frequent examiner/executive in residence for the ICD. She holds a Bachelor of Commerce Degree (with Honours) from the University of Toronto and is a Fellow of the Ontario Institute of Chartered Accountants. Ms. O'Neill was on the Steering Committee on Enhancing Audit Quality jointly sponsored by the Canadian Institute of Chartered Accountants and by the Canadian Public Accountability Board.

Finning Board/Committee Memberships	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	10 of 10	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%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
ARC Resources Limited	Oil & Gas	Director and Chair of the Audit Committee and member of the Health, Safety & Environment Committee and the Risk 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.

Public Board Interlocks
None

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	127,187,432	99.69%	396,340	0.31%
2012	124,086,894	99.62%	469,513	0.38%

Securities Held						
Minimum Share Ownership Requirements ⁽²⁾						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	14,000	31,236	45,236	\$ 1,228,157	23,940	Yes
2012	14,000	24,758	38,758	\$ 952,284		
Change	0	6,478	6,478	\$ 275,873		

Value of Total Compensation Received	
2013	\$ 186,500
2012	\$ 173,226



CHRISTOPHER W. PATTERSON – BONITA SPRINGS, FLORIDA, UNITED STATES

- Age: 59
- 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, Modine Manufacturing Company, Jeld-Wen Manufacturing Co. and Fleetpride Inc.

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

Finning Board/Committee Memberships	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	10 of 10	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Pension Committee	3 of 3	Jan 1 – Dec 31	100%
Safety, Environment & Social Responsibility Committee	4 of 4	Jan 1 – 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 Audit Committees and Chair of the Officer Nomination and Compensation Committee

Public Board Interlocks
None

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	127,527,437	99.96%	56,335	0.04%
2012	124,042,119	99.59%	514,288	0.41%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	4,625	10,912	15,537	\$ 421,830	4,788	Yes
2012	4,175	5,530	9,705	\$ 238,452		
Change	450	5,382	5,832	\$ 183,378		

Value of Total Compensation Received	
2013	\$ 165,000
2012	\$ 153,116



JOHN M. REID – VANCOUVER, BRITISH COLUMBIA, CANADA

- Age: 66
- 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 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors, Lead Director	10 of 10	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 Recruitment Committee, Chair	9 of 9	Jan 1 – May 8	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 and Chair of the Human Resources Committee

Public Board Interlocks
None

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	127,003,381	99.55%	580,391	0.45%
2012	124,096,665	99.63%	459,742	0.37%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	20,000	28,609	48,609	\$ 1,319,734	31,305	Yes
2012	20,000	23,469	43,469	\$ 1,068,033		
Change	0	5,140	5,140	\$ 251,701		

Value of Total Compensation Received	
2013	\$ 226,750
2012	\$ 202,171



ANDREW H. SIMON, OBE – BOUGY-VILLARS, SWITZERLAND

- Age: 68
- 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, Gulf Keystone Petroleum Limited, Management Consulting Group plc, Icon Infrastructure Management Ltd., Icon IA GP Limited and BCA Osprey I 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 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	10 of 10	Jan 1 – Dec 31	100%
Audit Committee	4 of 4	Jan 1 – Dec 31	100%
Safety, Environment & Social Responsibility Committee	4 of 4	Jan 1 – Dec 31	100%
Pension Committee	3 of 3	Jan 1 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
Gulf Keystone Petroleum Limited	Exploration and production company	Director and member of the Audit Committee and Chair of the Remuneration Committee
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 & Safety Committee and the Remuneration Committee

Public Board Interlocks
None

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	127,359,535	99.82%	224,237	0.18%
2012	123,901,214	99.47%	655,193	0.53%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	35,000	50,277	85,277	\$ 2,315,271	23,940	Yes
2012	35,000	45,738	80,738	\$ 1,983,733		
Change	0	4,539	4,539	\$ 331,538		

Value of Total Compensation Received	
2013	\$ 169,500
2012	\$ 160,171



L. SCOTT THOMSON – VANCOUVER, BRITISH COLUMBIA, CANADA

- Age: 44
- Director since: 2013
- Non-Independent Director

Areas of Expertise: CEO/SEO, Growth, Banking, Financial Leadership, Compensation Leadership

Mr. Thomson joined Finning International Inc. as President and Chief Executive Officer in June of 2013. Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. with responsibility for finance, tax, treasury, investor relations, marketing, business development and strategy, planning and performance management from 2008 to 2013. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises, including Executive Vice President, Corporate Development; Vice President, Head of Mergers and Acquisitions; and Vice President, Corporate Strategy from 2003 to 2008. Prior to Bell, Mr. Thomson was a Vice President at Goldman, Sachs and Co. from 1998 to 2002. Mr. Thomson currently serves as a director of International Forest Products Ltd.

Mr. Thomson holds a Bachelor of Arts in Economics and Political Science from Queen’s University, Kingston and a MBA from the University of Chicago, Graduate School of Business.

Finning Board/Committee Memberships ⁽⁷⁾	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	4 of 4	June 17 – Dec 31	100%
Safety, Environment & Social Responsibility Committee, Chair	2 of 2	June 17 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Position
International Forest Products Ltd.	Forestry	Director and a member of the Audit Committee and the Health & Safety Committee

Public Board Interlocks

Mr. Thomson and Mr. Whitehead serve together on the boards of International Forest Products Ltd. and Finning International Inc. They are both members of, and Mr. Whitehead is Chair of the Audit Committee for International Forest Products Ltd. They do not serve together on any of Finning’s Board Committees.

Annual Meeting Voting Results⁽⁷⁾

Securities Held

Year	Common Shares	DSUs	Options ⁽⁸⁾	PSUs ⁽⁸⁾	
2013	58,616	0	382,170	128,320	For disclosure relating to Mr. Thomson’s 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. Thomson does not receive any compensation in his capacity as a director.



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

- Age: 67
- 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 International Forest Products Ltd., Kal Tire and Belcorp 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 ⁽⁹⁾	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors, Chairman	10 of 10	Jan 1 – Dec 31	100%
Special Recruitment Committee	9 of 9	Jan 1 – May 8	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
International Forest Products Ltd.	Forestry	Lead Director and Chair of the Audit Committee and a member of the Corporate Governance and Nominating Committee

Public Board Interlocks

Mr. Whitehead and Mr. Thomson serve together on the boards of International Forest Products Ltd. and Finning International Inc. They are both members of, and Mr. Whitehead is Chair of the Audit Committee for International Forest Products Ltd. They do not serve together on any of Finning's Board Committees.

Annual Meeting Voting Results				
Year	Votes in Favour		Votes Withheld	
2013	126,288,388	98.98%	1,295,384	1.02%
2012	122,482,518	98.33%	2,073,889	1.67%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	153,299	51,590	204,889	\$ 5,562,736	62,615	Yes
2012	158,299	43,883	202,182	\$ 4,967,612		
Change	(5,000)	7,707	2,707	\$ 595,124		

Value of Total Compensation Received	
2013	\$ 325,000
2012	\$ 295,342



MICHAEL M. WILSON – CALGARY, ALBERTA, CANADA

- Age: 62
- Director since: 2013
- Independent Director

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

Mr. Wilson is a Corporate Director. Mr. Wilson retired from Agrium Inc. in December 2013 after 13 years, including 10 years as President and Chief Executive Officer. Prior to joining Agrium, Mr. Wilson was a senior executive at Methanex Corporation, a leading global producer of methanol headquartered in Vancouver, B.C. where he was Executive Vice President, and President, Methanol. In addition, he held various senior positions in North America and Asia during his 18 years with Dow Chemical. Mr. Wilson brings over 30 years of international and executive management experience in the chemical industry. Mr. Wilson currently serves as a director of Agrium Inc., Suncor Energy Inc., Celestica Inc. and is Chair of the Calgary Prostate Cancer Foundation.

Mr. Wilson is a graduate of the University of Waterloo, Ontario where he earned his degree in Chemical Engineering.

Finning Board/Committee Memberships	Attendance at Meetings during 2013		
	Attendance	Term in 2013	% of Meetings Attended
Board of Directors	8 of 10	Jan 1 – Dec 31	80%
Audit Committee	2 of 2	May 8 – Dec 31	100%
Human Resources Committee	2 of 2	May 8 – Dec 31	100%
Safety, Environment & Social Responsibility Committee	2 of 2	May 8 – Dec 31	100%

Other Public Company Boards/Committee Memberships		
Company	Type of Company	Positions
Agrium Inc.	Retail agricultural product supplier	Director
Celestica Inc.	Electronics manufacturing services company	Director and member of the Audit Committee, the Governance Committee and the Human Resources Committee
Suncor Energy Inc.	Energy Company	Director

Public Board Interlocks
None

Annual Meeting Voting Results ⁽¹⁰⁾			
Year	Votes in Favour		Votes Withheld
2013	125,891,748	98.67%	1,692,024 1.33%

Securities Held						
Year	Common Shares	DSUs	Total Units	Total Market Value ⁽¹⁾	Minimum Share Ownership Requirements ⁽²⁾	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2013	10,000	6,581	16,581	\$ 450,174	n/a ⁽⁶⁾	n/a ⁽⁶⁾
2012	10,000	0	10,000	\$ 245,700		
Change	0	6,581	6,581	\$ 204,474		

Value of Total Compensation Received ⁽¹⁰⁾	
2013	\$ 151,780

Footnotes to Director Nominee tables:

- (1) 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 \$27.15 and \$24.57, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013 and December 30, 2012, respectively.
- (2) Target units for minimum share ownership requirements are set as the number of units (Common Shares and DSUs) required to be held as at December 31 2013, based on the Director Share Ownership requirements. The target number of units are determined based on the dollar value of the applicable annual retainer multiple divided by the market value of Common Shares at the measurement date of December 31, 2013. See "Board of Directors Compensation – Share Ownership Requirements" on page 47 of this management proxy circular for non-executive directors.
- (3) Mr. Carter was appointed as a member and Chair of the Safety, Environment & Social Responsibility Committee, replacing Mr. Turner who resigned from the Board on June 18, 2013.
- (4) Mr. Neveu was appointed as a member of the Board of Directors effective December 1, 2013. He only attended one Board meeting in 2013 and his 2013 compensation only reflects one month.
- (5) Mr. Neveu will not be standing for re-election to the RigNet, Inc. Board of Directors at its upcoming annual shareholders' meeting to be held on May 9, 2014.
- (6) Mr. Wilson and Mr. Neveu have two years from the date of their appointments to the Board of Directors to meet minimum share ownership requirements.
- (7) Mr. Thomson was appointed as a member of the Board of Directors and as President and Chief Executive Officer effective June 17, 2013. Mr. Thomson attended meetings of various other committees of which he was not a member in his capacity as President and Chief Executive Officer of Finning.
- (8) Options and PSUs were granted to Mr. Thomson in his capacity as a senior officer of Finning.
- (9) Mr. Whitehead attended meetings of various other committees, of which he was not a member, in his capacity as Chairman of the Board of Directors.
- (10) Mr. Wilson was appointed as a member of the Board of Directors effective January 1, 2013 and he did not receive any compensation in 2012.

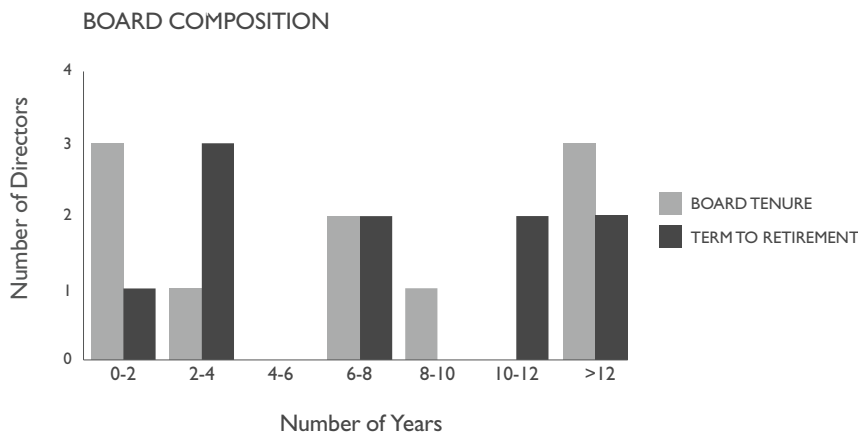
BOARD TENURE AND TERM TO RETIREMENT

Finning has adopted a mandatory retirement policy for the directors that serve on its Board. The following table indicates the ages of the directors standing for re-election, as at the date of this proxy and their mandatory retirement date, upon reaching the age of 70 years old, the mandatory retirement age in the policy. For more information on the terms of Finning's director retirement policy please refer to page 29.

Director	Current Age	Mandatory Retirement Date ⁽¹⁾
A.H. Simon	68	2015
R. Bacarreza	68	2016
J.M. Reid	66	2017
D.W.G. Whitehead	67	2017
J.E.C. Carter	64	2020
M.M. Wilson	62	2022
K.M. O'Neill	60	2024
C.W. Patterson	59	2024
K.A. Neveu	53	2031
L.S. Thomson	44	2040

(1) Directors may not stand for re-election in the year noted as the mandatory retirement date under Finning's current mandatory retirement policy, subject to the Board waiving these requirements in certain limited circumstances.

The following chart shows the composition and tenure of the Board measured as at March 18, 2014 and the respective term to mandatory retirement age of 70 as at the annual meeting date of May 13, 2014.



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, board standing committee meetings and special committee meetings of which they were members during 2013:

Director	Board Meetings Attended	Committee Meetings Attended	Percentage of Meetings Attended
<i>Director nominees standing for re-election</i>			
R. Bacarreza ⁽¹⁾	9 of 10	12 of 12	95%
J.E.C. Carter	10 of 10	22 of 22	100%
K.A. Neveu ⁽²⁾	1 of 1	n/a	100%
K.M. O'Neill	10 of 10	12 of 12	100%
C.W. Patterson	10 of 10	11 of 11	100%
J.M. Reid ⁽³⁾	10 of 10	21 of 21	100%
A.H. Simon	10 of 10	11 of 11	100%
L.S. Thomson ⁽⁴⁾	4 of 4	2 of 2	100%
D.W.G. Whitehead ⁽⁵⁾	10 of 10	9 of 9	100%
M.M. Wilson ⁽⁶⁾	8 of 10	6 of 6	88%
<i>Directors retired or not standing for re-election</i>			
D.L. Emerson ⁽¹⁾	9 of 10	20 of 20	97%
B.L. Turner ⁽⁷⁾	6 of 6	6 of 6	100%
M.T. Waites ⁽⁸⁾	6 of 6	2 of 2	100%

(1) Messrs. Bacarreza and Emerson were unable to attend previously unscheduled telephone conference call Board meetings that were convened with short notice, due to previously scheduled travel plans.

(2) Mr. Neveu was appointed as a member of the Board of Directors effective December 1, 2013.

(3) Mr. Reid attends meetings of various other committees, of which he is not a member, in his capacity as Lead Director.

(4) Mr. Thomson was appointed as a member of the Board of Directors effective June 17, 2013. Mr. Thomson attends meetings of various other committees, of which he is not a member, in his capacity as Chief Executive Officer of Finning.

(5) Mr. Whitehead attends meetings of various other committees, of which he is not a member, in his capacity as Chairman of the Board of Directors.

(6) Mr. Wilson had a pre-existing commitment in his first year serving as a director of Finning and was unable to attend two of the scheduled Board meetings in 2013, primarily due to his role as President and Chief Executive Officer of Agrium Inc. In December 2013, Mr. Wilson retired as President and Chief Executive Officer of Agrium Inc. and he is no longer an active Chief Executive Officer.

(7) Mr. Turner resigned as a member of the Board of Directors on June 18, 2013.

(8) Mr. Waites retired from the Board of Directors on May 8, 2013.

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. For example, in 2012 and continuing into 2013, to assist with Board renewal, Mr. Carter led the director recruitment process with an external recruitment firm. As part of this process various informal update sessions were held with the Corporate Governance Committee. Similarly, to assist with the recruitment of our Chief Executive Officer, Mr. Reid led the recruitment process together with the Special Recruitment Committee and an external recruiting firm. As part of this process, various informal update meetings were held with both the Human Resources Committee and the Board of Directors. Additionally, all Board members were involved in candidate interviews. Many of these sessions were not duly convened committee meetings and were not included in attendance records.

Additionally, all directors are entitled to attend Board committee meetings to enhance their knowledge of Finning's business and their understanding of particular committee matters, 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 total annual committee meeting participation from a required attendance of 134 to 180.

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.

Name	Executive Director	Non-Executive Directors		Reason for Non-Independent Status
	Not Independent	Independent		
<i>Director nominees standing for re-election</i>				
R. Bacarreza		X		President and Chief Executive Officer of Finning
J.E.C. Carter		X		
K.A. Neveu		X		
K.M. O'Neill		X		
C.W. Patterson		X		
J.M. Reid		X		
A.H. Simon		X		
L.S. Thomson	X			
D.W.G. Whitehead		X		
M.M. Wilson		X		
<i>Director not standing for re-election</i>				
D.L. Emerson		X		

The Board of Directors is currently made up of eleven 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 L. Scott Thomson (who is the President and Chief Executive Officer of Finning) are independent as at the date of this circular.

Directors annually complete detailed questionnaires regarding their individual circumstances. In determining the independence of its members, the Board (with the assistance of the Corporate Governance Committee) reviews any exceptions noted in the questionnaires and assesses all relevant information including:

- direct or indirect material relationships with Finning which could interfere with the exercise of his/her independent judgment. For example, Mr. Neveu is the Chief Executive Officer and a board member of a company with which Finning does business. The amount of payments made between Precision Drilling Corporation and Finning and the nature of decisions made at Finning's Board level was evaluated and no conflicts of interest were identified. A board member's perspective from a customer experience viewpoint and market expertise adds to the overall strength of Finning's Board. If a material potential conflict was ever identified, such situation would be noted by the director and, where appropriate, the relevant director would recuse him/herself for that specific item of business.
- 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;
- 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 (CEO);
- 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, the Corporate Governance Committee reviews those directors that serve on the same boards and committees of other reporting issuers. Although the Board does not set a formal limit on the number of interlocking board and committee memberships, the Board and the Corporate Governance Committee reviews any such interlocks as part of its annual evaluation of director independence. Common memberships on boards of public companies among Finning's current directors are set out below. The Board and the Corporate Governance Committee have determined that these board interlocks do not impair the independence or effectiveness of these directors as members of Finning's Board.

Company	Director	Committee Membership
International Forest Products Limited	L.S. Thomson	Audit Environment & Safety
	D.W.G. Whitehead	Audit, Chair Corporate Governance & Nominating Committee

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.

Finning is a Canadian reporting issuer, listed on the Toronto Stock Exchange. 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 OBJECTIVES

Every year the Board of Directors establishes a set of objectives to focus particular attention on during the year. The 2013 objectives developed by the Corporate Governance Committee for the Board of Directors focused on the following:

- Board composition and succession;
- CEO and executive succession; and
- major initiatives monitoring and execution.

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

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 CEO, who is responsible for all of Finning's day-to-day operations;
- reviewing and approving the annual operating plan and the 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 information forms and quarterly and annual financial statements, management's discussion and analysis and their associated press releases; and
- approval of the appointment of all corporate officers and the remuneration of the leadership team, namely the CEO, the country operational Presidents, the Chief Operating Officer, the Chief Financial Officer, the Chief Human Resources Officer, the Chief Information Officer and the Executive Vice President, Customer and External Relations and any other employees of the Corporation as designated by the CEO.

BOARD MEETINGS

During 2013, the Board of Directors met on ten occasions, five by telephone conference call and five in person. At each Board meeting, the Board discusses the corporate strategy and annually has an in-depth discussion on strategy. At every meeting the Board holds independent sessions without management and without the non-independent directors present.

DIRECTOR TENURE

The Board does not believe in limiting the time a director can serve. The Board recognizes that term limits can ensure Board refreshment and new perspectives. However, the Board believes the risk of imposing such terms and thereby losing longer serving directors who have an in-depth knowledge and understanding of Finning, does not serve Finning or its shareholders. To encourage and facilitate Board renewal the Board has adopted a mandatory retirement age policy.

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 believes that having a diverse Board brings a broader range of skills, experience and perspectives to corporate governance, while enhancing the Board's effectiveness. As such, they strive for diversity with regard to culture, geographic residence and gender. Ultimately, when identifying potential candidates, the Board assesses the candidates' competencies and skills against those that have been identified as desirable to enhance overall Board performance. The Board strives to provide a diverse and broad range of skills and 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 candidates 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 2013. 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.

In 2013, the Corporate Governance Committee and the Board continued to focus on Board renewal with consideration to future retirements and with a view to expanding the Board's skill sets to support the strategic growth of Finning and fulfilling those areas where skill gaps may arise. The Corporate Governance Committee worked extensively with an independent third party advisor to assist in identifying candidates for nomination to the Board, based on these skills and criteria. A working sub-group of the Corporate Governance Committee was assigned to work with the advisor and interview key candidates before presenting finalists to the full Corporate Governance Committee and Board. As a result of this process, Mr. Neveu was appointed to the Board with an effective date of December 1, 2013. Additionally, two new director nominees, Mr. Awad and Mr. Hartery, have been recommended for election as directors at the Company's annual meeting. The Board, in conjunction with its advisor, is continuing with efforts to strengthen its list of potential Board candidates for future considerations for Board renewal and replenishment to ensure a smooth transition, including maintaining and building upon the key skills and competencies of the Board.

Below is a summary of the current key skills matrix, identifying those skill sets and experience desirable to support the strategic direction of Finning and an indicator of the skill set coverage of the ten nominee directors.

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 CEO or SEO for a publicly listed company or for a major organization with international operations	12
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	9
Growth	
• experience driving a clear strategic vision with focus on superior execution, experience in significant acquisitions or mergers or restructurings	12
Industry Experience	
• industry experience as a senior officer in mining, large construction, power generation and alternate energies	10
• 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 affiliates	
Banking and Financial Institutions (Banking)	
• experience in investment or corporate banking, or as an economist	5
FUNCTIONAL EXPERTISE	
Financial Leadership	
• significant financial experience as a senior officer responsible for an organization of similar complexity as Finning, or experience working as a senior officer in financial accounting, reporting, and corporate finance for a major organization and knowledge of internal controls and testing	9
Compensation Leadership	
• senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefit and pension programs, legislation and collective bargaining	11
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	10
CORPORATE GOVERNANCE AND OTHER KEY SKILLS	
Governance	
• experience as a board member for a publicly listed company or for a major organization	11
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, Lead Director and of each individual director (facilitated through one-on-one interviews with the Chairman of the Board).

Similar to past years, the 2013 process included the engagement of a third party independent consultant who conducted online surveys of Board members. For the 2013 evaluation process, and similar to previous years, the survey included executive management's input and perspective in relevant sections of the survey. In addition to the online survey, the evaluation process included direct interviews between the independent consultant and each director, to facilitate an open discussion on the effectiveness and performance of the Board. The survey consisted of the following 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;
- Lead Director assessment was facilitated through one-on-one interviews with directors and the consultant;
- direct interviews were conducted by the consultant with the Chairman, the Chair of the Governance Committee and each director individually; 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 executive management as either higher or lower achievement areas. 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. Additionally, the results 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 for improvement.

The results of the 2013 directors' and executive management's assessment of the Board and its committees, as compiled by its independent third party consultant, indicated a high level of engagement by the Board of Directors and its committees and showed a high commitment of the Board to strong governance.

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.

The Corporation utilizes 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, including information regarding investor relations activities, analyst reports and shareholder information. 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 education sessions and topical updates presented by management for the directors in 2013:

Topic	Presenter or Location	Session held
Hedging & foreign exchange	Treasurer – Finning International	May Audit Committee Meeting
Former Bucyrus facility site tour	Milwaukee, Wisconsin	August Board Meeting
Finning (Canada) business session		
– Supply chain	VP, Operational Excellence, Finning (Canada)	August Board Meeting
– Market share opportunities & customer loyalty	VP, Customer Solutions, Finning (Canada)	August Board Meeting
Talent management reviews		
– Finning (Canada)	President, Finning (Canada)	August Board Meeting
– Finning South America	President, Finning South America	November Board Meeting
Argentina economic update	SVP Operations, Finning South America	November Board Meeting
Cyber security update	Chief Information Officer, Finning International Inc.	November Board Meeting
Finning South America – Finning Technical Institute opening video presentation	President, Finning South America	November Board Meeting
Finning (Canada) – service excellence	President, Finning (Canada)	November Board Meeting
Investor perceptions and investor relations update	VP, Investor Relations & Corporate Affairs, Finning International Inc.	November Board Meeting

All directors attended the education session presented at the Audit Committee meeting and all directors participated in the former Bucyrus facility site tour.

In August 2013, the full Board travelled with executive management to Milwaukee, Wisconsin where they convened their second quarter committee, Board and strategy meetings. During this visit, the Board toured Caterpillar's manufacturing complex for the shovels and drills mining equipment and met with Caterpillar executives, including Doug Oberhelman, Chief Executive Officer. Mr. Oberhelman provided the Board with an overview of Caterpillar's Enterprise Strategy and their key initiatives through to 2015.

During the year, certain directors have also attended education sessions independently. The 2013 sessions entailed offerings from Audit firms, Audit Committee conferences, the Chilean Management Institute, Institute of Corporate Directors, and included local government agencies, independent consultants, and attendance at other boards' education sessions. Further, certain directors have participated as panelists and guest lecturers for a variety of business forums and educational institutions, including the Institute of Corporate Directors. Topics covered included:

- Argentinean political environment;
- audit quality;
- board effectiveness;
- corporate governance;
- corporate social responsibility;
- economic development;
- global energy issues;
- international financial reporting standards update;
- investment funds; and
- tax morality and tax transparency.

RISK MANAGEMENT PROCESS

Finning's Board, with assistance from its committees, is responsible for ensuring that management has identified the principal risks of Finning's business and that all reasonable steps have been taken to ensure the implementation of appropriate systems and plans to manage these risks. The Audit Committee assists the Board in the assessment of the management systems and processes to manage the business and financial risks. The Human Resources Committee reviews Finning's compensation policies and practices to confirm their alignment to Finning's risks and principles to ensure that they do not encourage inappropriate or excessive risk tolerance. The Safety, Environment & Social Responsibility Committee oversees the policies and systems to monitor for safety, health and environment risks. Management updates the Board on key risks at each regularly scheduled Board meeting including strategic, financial, operational and corporate risks. See Committees of the Board of Directors starting on page 34 for more information about each committee's risk management activities for 2013.

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. Copies of these policies are available on our website at www.finning.com. 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;
- Whistleblower Policy; and
- Global Anti-Bribery and Anti-Corruption 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 (Code) which governs the behaviour of all directors, officers and employees of Finning and its subsidiaries. The Code also requires that agents, consultants, contractors, and suppliers act consistently with this Code when acting with or on behalf of Finning. The Code, available in English and Spanish, sets out the fundamental terms upon which Finning conducts its business and deals with subjects such as compliance with laws, corruption and bribery, 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. All directors, officers and key employees acknowledge their support and understanding of the Code on an annual basis. All new employees receive a copy of the Code upon hiring. All directors, officers and employees have a duty to report suspected Code violations. Suspected Code violations are reported to the Audit Committee. In order to address Code matters in a timely, unbiased and confidential manner, the Company has established a Global Ethics Committee comprised of the Compliance Officer (Corporate Secretary), Vice President, Risk Management, Senior Vice President and Chief Human Resources Officer and the Senior Vice President, Corporate Controller. The Global Ethics Committee investigates and, where appropriate, delegates potential violation claim reports to the Regional Ethics Committees (comprised of senior level executives in finance, legal, human resources and internal audit). The Global and Regional Ethics Committees are management committees.

Anyone who believes that a violation of the Code has occurred or who requires advice regarding compliance with the Code, is encouraged to report such violation or concerns through Finning's compliance website or telephone hotline. Both the compliance website and the telephone hotline are managed by an independent global reporting agency. In addition, the Compliance Officer can be contacted directly at complianceofficer@finning.ca. Further information on the reporting of ethics violations or concerns is provided in Finning's Whistleblower Policy, which is available on its corporate website www.finning.com.

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; and
- each committee of the Board: Audit Committee; Human Resources Committee; Corporate Governance Committee; Safety, Environment & Social Responsibility Committee; Pension Committee.

Links to Finning's key 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

The Board ensures systems are in place for communication with Finning's shareholders and other stakeholders. Such communication includes quarterly and annual financial statements and related management's discussion and analysis (MD&A), management proxy circulars, annual information forms and news releases containing significant new financial information. The Board also encourages shareholders to attend Finning's annual meeting. The annual meeting provides a valuable opportunity to hear directly from management about the results of Finning's business and operations. Members of the Board are in attendance at annual meetings and the Board and committee chairs are available to answer questions.

The Board also recognizes that it is important for the Board to communicate with shareholders, including organizations that represent or advise shareholders on matters of governance. The Board has determined that questions or concerns related to the Board and senior executive succession process, executive and Board compensation, Board level corporate governance and other matters that are within the scope of the Board's supervisory and oversight duties, as set out in its Terms of Reference, may appropriately be addressed to and by, the Board.

Those shareholders, employees and other interested parties wishing to communicate directly with the Board should do so through the Chair 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.

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 Safety, Environment & Social Responsibility 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 October 2012, a Special Recruitment Committee of the Board of Directors was established by the Board to assist the Board in fulfilling its responsibility for CEO succession planning. The members of this Committee were J. Reid, Chair, J. Carter, D. Emerson and D. Whitehead. In January 2013, Finning announced that Mr. Waites, the President and Chief Executive Officer, would retire in 2013 and that he would not be standing for re-election as a Director at Finning's annual meeting. Mr. Waites retired as President and Chief Executive Officer on June 17, 2013 coincidental with the appointment of L. Scott Thomson as a director and President and Chief Executive Officer. The Special Recruitment Committee was devolved at the Board's request on May 8, 2013.

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 and special committee, ensures their independence by convening independent director-only sessions at every meeting.

Committee members are appointed annually following Finning's annual meeting or as required due to a change in composition of the directors or upon the creation of a special committee. 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 2013 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 and related management discussion and analysis;
- financial reporting processes;
- 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
M.M. Wilson	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, meaning that each member can read and understand financial statements that are comparable to Finning's in terms of breadth and complexity of accounting issues. 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". All members of the Board of Directors are invited to, and regularly attend, Audit Committee meetings.

MEETINGS

The Committee met four times in 2013 and achieved 100% attendance at all meetings. In addition, at every Committee meeting the members held sessions without management present.

EXTERNAL AUDITOR

Deloitte 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 quarterly financial statements and notes, conducting the annual audit of the financial statements and notes 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 French translation of interim and annual financial statements and notes.

Tax Services

Tax services include foreign tax advice and filings for corporate directors.

Other Services

Other services would include any non audit-related or non-tax services. Services provided relate to an assessment of supply chain performance in Finning (Canada) initiated in 2013 and anticipated to conclude in 2014 (\$99,720 in 2013) and an assessment of the Company's community investment programs (\$57,657 in 2013 and \$43,182 in 2012).

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 2013 and 2012 were as follows:

Type of Service	2013 ⁽¹⁾	2012 ⁽¹⁾⁽²⁾
Audit Services	\$ 2,639,378	\$ 2,736,368
Audit-Related Services	195,007	146,330
Tax Services	15,760	11,750
Other Services	157,377	43,182
Total:	\$ 3,007,522	\$ 2,937,630

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

(2) Reported amount for Audit Services now includes the administrative charge and the 2012 amount was restated to reflect this.

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 up to a value of \$100,000 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 each quarter.

The Committee determined that the provision of the audit-related, tax and other services described above did not compromise the independence of Deloitte for purposes of performing audit services for Finning.

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 and related mitigation or action plans are 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 2013:

Financial Statements

- reviewed quarterly and annual consolidated financial statements, management's discussion and analysis, and quarterly earnings press releases and made recommendations to the full Board;
- reviewed Finning's financial arrangements and liquidity;
- reviewed significant accounting principles and disclosures in accordance with International Financial Reporting Standards (IFRS);
- educational sessions supplied by management to facilitate a stronger understanding, of hedging and foreign exchange; and
- reviewed IFRS Accounting updates including new, pending, and amended standards.

External Auditor

- reviewed and recommended selection of the external auditor and approved audit fees for the current year;
- implemented audit partner transition plan;
- met independently with the external auditor at each meeting;
- reviewed reports of the external auditor following quarterly reviews and annual audit;
- approved all audit and non-audit services performed by the external auditor; and
- reviewed and approved the annual Audit Plan of the external auditor.

Internal Auditor

- reviewed a new rating scale for prioritizing action plans;
- post implementation review on Damar and Ireland dealership acquisitions;
- reviewed Argentina business;
- reviewed internal audit function and effectiveness;
- reviewed Code of Conduct and anti-bribery process, communication and monitoring;
- met independently with the internal auditor at each meeting;
- reviewed and approved the annual internal audit plan;
- reviewed results of internal audit reports and progress to audit plan and reviewed internal audit self-assessment; 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 a new process for the scaling of risks and categorization.

Treasury

- reviewed 2013 financing plan, including refinancing of two long-term debt maturities;
- recommended approval of the extension of global banking facility to the Board;
- reviewed internal capital restructuring for investments;
- reviewed insurable risks and insurance coverage;
- reviewed and approved financial investment criteria and policies;
- reviewed foreign exchange policies;
- reviewed Finning's capital structure;
- reviewed Finning's Dividend Policy and made recommendations to the full Board regarding the declaration of quarterly dividends and amending the stated dividend payout ratio;
- reviewed Argentina foreign exchange risk consideration; and
- reviewed foreign exchange exposures and management of the exposures.

Compliance

- provided oversight with respect to compliance with legal and regulatory requirements, regulatory updates and reviewed status of legal claims;
- 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;
- reviewed and approved the Board Chairman and CEO's expenses;
- oversaw Global Ethics Committee and their investigations related to suspected code violations and reviewed the process and charter governing compliance to Finning's Code of Conduct; 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, as well as 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, 2013.

HUMAN RESOURCES COMMITTEE: MANDATE AND REPORT

MANDATE

The Human Resources Committee provides oversight to ensure the organization's people, human resources processes & culture align with its chosen business strategy. The Committee provides oversight of the human resources strategy, 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
M.M. Wilson	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 CEOs 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 2013, the Committee met four times and achieved 100% attendance at all meetings. In addition, at every Committee meeting the members held sessions without management present.

HIGHLIGHTS

In 2013, the Committee focused on a number of key areas in human resources and compensation matters, including the following:

Executive Compensation

Following the annual review of Finning's executive compensation in 2013, the Committee approved the following:

With respect to the short-term incentive plan:

- modification of performance measures and metrics for 2014 to ensure alignment with Finning's strategic plan and key priorities; and
- modifications to performance level thresholds, targets and maximums to ensure alignment with a key compensation principle – performance-based compensation outcomes for senior executives.

With respect to the long-term incentive plan:

- modifications of performance measures and metrics for 2014 to ensure alignment with Finning's strategic plan, alignment with stakeholders and market practice.

In addition, during 2013, the Committee undertook the following key projects:

- a comprehensive review of the performance measures for the Corporation's short-term and long-term incentive plans was conducted by an external consultant (Towers Watson); and
- As part of the Corporation's risk mitigation plan for executive retention during the Chief Executive Officer transition process, targeted special long term incentive awards were determined for a key employee.

Performance Assessments

- reviewed and recommended approval of the performance goals for the incoming CEO to the Board;
- reviewed and approved 2012 short-term incentive payments, paid in 2013, based on achievement of certain financial, safety, and individual performance targets for the CEO and other senior executives; and
- approved 2011 Performance Share Unit payout paid in 2013.

People Strategy

- reviewed Finning's People Strategy and project plans to ensure planned succession for key executive roles and further enable a highly engaged workforce. People strategy was a strong focus for the Board and was discussed at all Board meetings.

Succession Planning and Leadership Development

- developed a risk mitigation plan for executive retention during the Chief Executive Officer transition;
- reviewed processes developed to support succession and leadership integration;
- 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;
 - 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;
- identified specific development plans and career planning for executive succession candidates and high potential individuals;
- reviewed, without management present, the CEO succession plans with the Board of Directors;
- 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 organizational structure and design;
- reviewed development plans for all executive roles; and
- reviewed key metrics including turnover, demographics, size of talent pools for certain executive functional talent pools.

Employee Culture and Engagement

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

Leadership Team Appointment, Realignment and Recruitment

- appointment of executive officers reporting to the CEO
 - President, Finning (Canada) and Chief Operating Officer, Finning International Inc.;
 - Executive Vice President, Customer and External Relations;
 - Senior Vice President and Chief Information Officer;
- supporting management's efforts in the recruitment of a Senior Vice President and Chief Human Resources Officer; and
- supported the organizational realignment whereby all country operational Presidents now report to the Chief Executive Officer.

Compliance

- reviewed share ownership guidelines against comparator group and emerging trends and reviewed key executive's compliance of the guidelines;
- reviewed and approved amendments to the Committee's Terms of Reference to incorporate risk oversight; 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, 2013.

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 2013, Finning management also continued to retain Towers Watson to perform other work related to retirement and benefit programs. On other occasions as deemed necessary, the Committee may engage a different independent compensation consultant for advice. For example, in 2013 the Committee engaged Meridian Compensation Partners to assist with a review of the alignment between CEO pay and performance.

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. Periodically, Hay Group provides management with a comprehensive executive compensation review. A full review was last conducted by Hay Group in 2011. In the years between the more detailed comprehensive reviews, Hay Group provides updates on compensation trends and executive market data which the Committee considers in making their decisions on executive compensation. Following the peer group review completed during 2012, detailed market data was provided for the 2013 annual review processes.

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

Nature of Work	2013		2012	
	Towers Watson	Hay Group/Other	Towers Watson	Hay Group/Other
Executive Compensation Related Fees (Board)	\$ 52,600	\$ 5,000 ⁽¹⁾	\$ 53,700	\$ 0
Executive Compensation Related Fees (Management)	185,900	100,000	31,400	130,600
All Other Fees (Non-executive compensation consulting, retirement (actuarial, administration and general advice) and benefit programs)	840,400	18,500	591,400	0
Total	\$ 1,078,900	\$ 123,500	\$ 676,500	\$ 130,600

(1) Fees paid to Meridian Compensation Partners for review of the alignment of CEO pay and performance.

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 CEO and Lead Director, share the responsibility for developing annual objectives for the Board of Directors.

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

MEETINGS

The Committee met four times during 2013 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 2013:

Board Composition, Planning and Director Nominations

- reviewed Board succession planning and identified skill sets and expertise requirements for potential future director nominees;
- extension of independent consultants contract to facilitate Board member recruitment search;
- recommendation to the Board on the recruitment of new Board member, Kevin A. Neveu, whose appointment was effective December 1, 2013;
- reviewed director independence and potential for conflicts of interest;
- completed assessment of existing and future membership of Board committees; and
- undertook a review of director compensation resulting in a recommendation to increase the annual retainer paid to directors, the Lead Director, the Chairman, and the Human Resources Committee Chair, effective October 1, 2013.

Governance

- developed annual Board objectives, together with the Chairman of the Board, CEO and Lead Director;
- completed an annual review of the Terms of Reference for all Board standing committees and the Board Chair, Lead Director, Board of Directors, individual Director, and President and Chief Executive Officer;
- completed an annual review of the Board Guidelines, Code of Conduct, Whistleblower Policy and Global Anti-Bribery and Anti-Corruption Policy;
- reviewed best practices related to Advance Notice provisions and recommended approval of an Advance Notice By-law by the Board of Directors for ratification by shareholders at the 2014 annual meeting;
- review of Director Orientation and Continuing Education program;
- reviewed and approved amendments to the Committee's Terms of Reference;
- reviewed and approved amendments to the Corporate Disclosure Policy; and
- oversight for the updating of the Board Policy Manual on the Board portal.

Shareholder Communications

- adopted Say on Pay advisory vote for shareholders at 2013 annual meeting which received 95.78% shareholder approval;
- approved a Say on Pay advisory vote for shareholders at the 2014 annual meeting; and
- monitored current trends in disclosure.

Director Orientation and Education

- ensured education sessions and topical updates for directors were provided throughout the year (for details, see Orientation and Continuing Education on page 31).

Performance Evaluations

- completed the Committee's self-assessment, assessment of the Committee Chair and Lead Director; and
- 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, 2013.

SAFETY, ENVIRONMENT & SOCIAL RESPONSIBILITY COMMITTEE: MANDATE AND REPORT

MANDATE

The Safety, Environment & Social Responsibility Committee provides assistance and counsel to the Board and management of Finning in its drive towards attaining and maintaining world-class safety, health and environment performance through the oversight of management's procedures and policies to ensure they build compliance into business processes and activities and exceed any legal obligations.

The Committee supports management in the corporate goal of eliminating environmental incidents, work-related injuries and occupational illnesses that could result from the activities of Finning.

Community investment is also supported by the Committee, as well as any matter affecting Finning's sustainable development in these areas of oversight responsibility.

COMMITTEE MEMBERSHIP

<u>Name</u>	<u>Independent</u>
J.E. Carter, Chair	Yes
R. Bacarreza	Yes
C.W. Patterson	Yes
A.H. Simon	Yes
L.S. Thomson	No
M.M. Wilson	Yes

The Committee must be comprised of at least three directors, two of whom must be independent and one of whom must be the CEO.

MEETINGS

The Committee met four times during 2013 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 2013:

Monitor and assess safety, environment and social responsibility management systems and policies:

- reviewed Accident Investigation Reporting and Root Cause Analysis consistent with its mandate to audit safety, environment and social responsibility systems and performance;
- reviewed global leading safety indicators;
- reviewed lost time injuries, significant near misses and corrective actions and requested management to develop a process for sharing high-impact safety incidents across all operations;
- 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;
- reviewed environment, health and safety policies and encouraged the sharing of best practices and the setting of cardinal rules amongst the operations and with key customers;
- in response to two fatalities at Finning's South American operations, management and the Committee reviewed action plans to mitigate risks for reoccurrence;
- reviewed and monitored the occupational health programs and communications to employees on various health topics;
- supported Finning's global Health and Safety conference, through participation by the Committee chair, where the primary focus was to create safer environments for our employees worldwide;
- reviewed the results of environmental audits performed in the year and ensured compliance with international standards and regulations;
- reviewed environmental performance metrics and encouraged monitoring of a carbon footprint for each operation;
- reviewed environmental legal compliance for each operation and the Committee's role related to environmental compliance;
- participated in an on-site tour of Caterpillar's manufacturing facility for its shovels and drills mining equipment in Milwaukee, Wisconsin;
- reviewed and approved a Global Political Contributions Policy;
- creation of a global community investment governance framework within Finning's Guidelines for community investment;
- reviewed Committee compensation protocol and determined no Committee meeting fees will be paid to Committee members in the event of an employee fatality;
- reviewed the Committee's Terms of Reference; and
- completed the Committee's self-assessment and assessment of the Committee Chair.

External recognition for Finning's environment, health and safety performance:

In Canada, Finning received honourable mention from the North American Occupational Safety & Health organization. As well, Finning's generosity was recognized by the government of Alberta and the city of Calgary for its deployment of equipment, services and technicians to keep emergency management organizations and customers operating during the recovery period after the 2013 floods in southern Alberta.

In South America, Finning received several recognition awards related to health and safety performance and compliance from its customers including, Codelco, Freeport McMoran, Anglo American and BHP Billiton.

In the U.K. and Ireland, Finning's leading health and safety performance was recognized by the Royal Society for the Prevention of Accidents (RoSPA). The RoSPA awarded Finning "The Engineering Services Sector Industry Award" for Occupational Health and Safety for the second year running. This award was a significant recognition from RoSPA, as Finning is the only company to win this award for two consecutive years. The award recognizes Finning's outstanding management of health and safety and its exemplary health and safety culture.

Internal recognition for Finning's environment, health and safety performance:

In the 2013 Employee Opinion Survey, in which over approximately 84% of the workforce participated, the effectiveness of the safety systems and Finning's commitment to the well-being of its employees scored 89%, which was an increase over the prior year.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2013.

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
C.W. Patterson	Yes
A.H. Simon	Yes

MEETINGS

The Pension Committee met three times during 2013 and achieved 100% attendance for 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 2013:

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 originally approved in 2010 for the assets and liabilities of Finning's defined benefit (DB) pension plans and approved refinements to those strategies.

Plan Design

- assessed potential future changes to plan design to improve sustainability of the current plans in the longer term while staying competitive.

Financial Position of Plans

- monitored financial position of pension plans;
- reviewed and approved funding policy, including ongoing consideration of the adequacy of amounts being contributed to the DB pension plans and the supplemental pension plans; and
- reviewed scenario analysis of potential impact on financial position and required contributions that could result from varying economic scenarios.

Investments

- reviewed investment strategy and policies;
- reviewed investments and fund managers;
- 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; and
- approved changes to three of the investment fund options available under the Canadian defined contribution pension plans.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2013.

SPECIAL RECRUITMENT COMMITTEE: MANDATE AND REPORT

MANDATE

The Special Recruitment Committee was established by the Board of Directors in October 2012 to assist the Board in fulfilling its responsibility for CEO succession. In January 2013, the Corporation announced that Mr. Waites, President and Chief Executive Officer would retire in 2013 and that he would not be standing for re-election as a Director at the Corporation's annual meeting. Mr. Waites retired on June 17, 2013 coincidental with the appointment of Mr. Thomson as President and Chief Executive Officer and a director of the Corporation.

COMMITTEE MEMBERSHIP

<u>Name</u>	<u>Independent</u>
J.M. Reid, Chair	Yes
J.E.C. Carter	Yes
D.L. Emerson	Yes
D.W.G. Whitehead	Yes

MEETINGS

The Special Recruitment Committee met nine times during 2013 and achieved 100% attendance at all meetings. In addition, at every Committee meeting the members held sessions without management present.

HIGHLIGHTS

The key area of focus for the Committee was to lead the process to identify and recruit a successor for Mr. Waites. The Committee made a recommendation to the Board to proceed with the appointment of Mr. Thomson as President & Chief Executive Officer, effective June 17, 2013.

TERMINATION

The Committee and the Board determined that the Committee had appropriately fulfilled its mandate and, accordingly, the Board terminated the Committee on May 8, 2013.

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 its shareholders, Finning directors are required to meet minimum share ownership requirements 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 achieves the median level of compensation paid by companies that are comparable in size and in a similar business.

EVALUATING THE PROGRAM

The Corporate Governance Committee reviews director compensation annually and makes recommendations to the Board. In July 2013, management undertook a review of director compensation and compared Finning's existing Director Compensation Plan to its comparator peer group. This review built off a review conducted in 2012 by Towers Watson, an independent compensation consultant. Towers Watson also provides consulting services to the Human Resources Committee with regard to executive compensation. See "Advisors to the Committee and Finning" on page 39 for further information on the services provided by Towers Watson. The director compensation comparator group was the same Canadian comparator group utilized by management in evaluating executive compensation plans, and comprised 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, consideration was given to total compensation by relative Board roles, total compensation mix between cash and equity-based components and relative comparator group rankings in these areas. Additionally, consideration was given to the changes made to director compensation in 2012, which included an increase of the amount of director pay at risk, whereby each director and the Lead Director received an additional \$20,000 value and the Board Chair received an additional \$40,000 value of DSU's annually. The 2012 increase was to support Finning's philosophy to target director compensation at the 50th percentile.

The Corporate Governance Committee determined in August 2013, that as a continuation of its transition towards the median pay, an increase in the annual cash retainer was warranted for directors and the Human Resources Committee Chair. Accordingly, in October 2013 directors, including the Lead Director, received a \$10,000 increase, the Chairman received a \$20,000 increase and the Human Resources Committee Chair received a \$5,000 increase. The Board of Directors approved the amendments to the Directors Compensation Plan and the annual retainer increases were pro-rated for 2013 from the effective date of October 1, 2013.

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.

Fees and Retainers

The table below shows Finning's current 2013 retainers and fee schedule for directors:

Directors' Remuneration	Amount \$
Chairman of the Board Annual Retainer ⁽¹⁾	195,000
Lead Director Annual Retainer	70,000
Director Annual Retainer	50,000
Audit Committee Chair Retainer	20,000
Human Resources Committee Chair Retainer	15,000
Other Committee Chair Retainer	10,000
Audit Committee Member Retainer	6,000
Other Committee Member Retainer	3,000
Board Meeting Fee ⁽²⁾⁽³⁾	1,500
Committee Meeting Fee ⁽²⁾⁽³⁾⁽⁴⁾	1,500
Board Conference Call Meeting Fee	1,000
Committee Conference Call Meeting Fee	1,000

(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 an additional \$1,500 travel allowance; or if held on a different continent, he/she receives an additional travel allowance of \$3,000 in recognition of the time required to travel to and from the meeting.

(3) An individual director may be eligible for a daily stipend, where he or she has assumed additional short-term duties over and above their ordinary director responsibilities, to a maximum of \$1,500 per day spent on the short-term duties. Any such additional compensation will be set by the Chairman of the Board and reviewed by the Corporate Governance Committee. The Non-Executive Chairman is not eligible for the daily stipend.

(4) In the event of an employee fatality, committee members of the Safety, Environment & Social Responsibility Committee will not receive meeting fees from Safety, Environment & Social Responsibility Committee meetings for a period of one year.

Equity Based Compensation

Share-Based Awards – Deferred Share Units

Rather than granting options to directors, Finning 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 \$80,000. The Lead Director is granted DSUs having a value, in the aggregate of \$100,000 and the Chairman is granted DSUs having a value, in the aggregate of \$145,000.

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 2013 a total of 36,958 DSUs were issued to directors pursuant to the annual award, net of a reduction for members of the Safety, Environment & Social Responsibility Committee. Due to two separate fatalities that occurred in 2013 at the Corporation's South American Operations, the Safety, Environment & Social Responsibility Committee members who were members at the time of the fatalities, agreed to forego their annual committee meeting fees in the form of a reduction in their DSU allocation. An additional 7,106 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 7,344 DSUs were granted to directors during the year as payment for notional dividends.

DSUs are only exercisable once an eligible director ceases to serve on the Board of Directors. At such time, 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 year following the 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, directors 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 holding of notional shares through Finning's DSU Plan and the share ownership requirements, provide an effective alignment of shareholder and directors interests.

2013 DIRECTOR COMPENSATION

The following table sets out the value of fees and other compensation paid to non-executive directors of Finning during 2013. Mr. Neveu's compensation amounts in the tables only reflect one month, as his appointment to the Board of Directors was effective on December 1, 2013. Mr. Turner resigned as a Director of the Corporation in June 2013 and, accordingly, his compensation in the tables is for a six month period. For details on compensation paid to Messrs. Thomson and Waites who are the current and former executive directors of Finning, refer to Section V – Executive Compensation.

Director	2013 Fees Earned						Allocation of Fees Earned		
	Annual Cash Retainer (\$)	Meeting Fees (\$)	Travel Fees (\$)	Total Fees and Cash Retainer (\$)	Share-based Awards:		Cash (\$)	Share-based Awards: DSUs (\$) ⁽¹⁾	DSUs % of Total Compensation (%) ⁽²⁾
					Annual DSU Grant Cash Equivalent (\$)	Total Compensation (\$)			
R. Bacarreza	54,500	29,500	15,000	99,000	74,000	173,000	99,000	74,000	43
J.E.C. Carter	63,500	45,000	9,000	117,500	77,000	194,500	117,500	77,000	40
D.L. Emerson	61,500	40,000	1,500	103,000	80,000	183,000	103,000	80,000	44
K.A Neveu	4,167	1,500	1,500	7,167	6,795	13,962	7,167	6,795	49
K.M. O'Neill	68,500	30,500	7,500	106,500	80,000	186,500	53,250	133,250	71
C.W. Patterson	54,500	29,000	7,500	91,000	74,000	165,000	45,500	119,500	72
J.M. Reid	82,750	42,500	1,500	126,750	100,000	226,750	126,750	100,000	44
A.H. Simon	54,500	29,000	12,000	95,500	74,000	169,500	95,500	74,000	44
B.L. Turner	28,000	16,000	6,000	50,000	37,000	87,000	50,000	37,000	43
D.W.G. Whitehead	180,000	–	–	180,000	145,000	325,000	180,000	145,000	45
M.M. Wilson	50,280	18,500	6,000	74,780	77,000	151,780	–	151,780	100
Total:	702,197	281,500	67,500	1,051,197	824,795	1,875,992	877,667	998,325	53

(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, 2013 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, 2013.

Director	Option-based Awards				Share-based Awards		
	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	1,307,625
J.E.C. Carter	n/a	n/a	n/a	n/a	n/a	n/a	986,712
D.L. Emerson	n/a	n/a	n/a	n/a	n/a	n/a	626,160
K.A. Neveu	n/a	n/a	n/a	n/a	n/a	n/a	7,059
K.M. O'Neill	n/a	n/a	n/a	n/a	n/a	n/a	848,057
C.W. Patterson	n/a	n/a	n/a	n/a	n/a	n/a	296,261
J.M. Reid	n/a	n/a	n/a	n/a	n/a	n/a	776,734
A.H. Simon	n/a	n/a	n/a	n/a	n/a	n/a	1,365,021
D.W.G. Whitehead	n/a	n/a	n/a	n/a	n/a	n/a	1,400,668
M.M. Wilson	n/a	n/a	n/a	n/a	n/a	n/a	178,674

(1) The value of the vested share awards was calculated using a Common Share value of \$27.15 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

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, 2013, 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	74,000	n/a
J.E.C. Carter	n/a	n/a	77,000	n/a
D.L. Emerson	n/a	n/a	80,000	n/a
K.A. Neveu	n/a	n/a	6,795	n/a
K.M. O'Neill	n/a	n/a	133,250	n/a
C.W. Patterson	n/a	n/a	119,500	n/a
J.M. Reid	n/a	n/a	100,000	n/a
A.H. Simon	n/a	n/a	74,000	n/a
B.L. Turner	n/a	n/a	37,000	n/a
D.W.G. Whitehead	n/a	n/a	145,000	n/a
M.M. Wilson	n/a	n/a	151,780	n/a

(1) DSU grants are valued based on the fair market value of Finning's Common Shares on the day preceding the grant date. The majority of DSUs are granted through the annual grants. In 2013 there were two annual grants of DSUs issued. The first issuance, valued at \$22.29, was granted in May 2013 in accordance with the Directors Compensation Plan that was in place at that time. The second issuance, valued at \$26.17, was granted in December 2013 and reflects Mr. Neveu's pro-rata allocation of his annual DSU grant, based on his appointment to the Board of Directors effective December 1, 2013. Other DSUs are granted throughout the year where directors have elected to receive DSUs in lieu of board fees and for notional dividend credits.

(2) The Share Awards Value excludes the value of the notional dividends issued during 2013 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, 2013.

NUMBER OF SECURITIES HELD

Director	Vested Options (#)	Unvested Options (#)	Total Options (#)	Share-based Awards: DSUs (#)	Common Shares (#)	Total Units (#)
R. Bacarreza	n/a	n/a	n/a	48,163	25,000	73,163
J.E.C. Carter	n/a	n/a	n/a	36,343	10,000	46,343
D.L. Emerson	n/a	n/a	n/a	23,063	7,300	30,363
K.A. Neveu	n/a	n/a	n/a	260	10,000	10,260
K.M. O'Neill	n/a	n/a	n/a	31,236	14,000	45,236
C.W. Patterson	n/a	n/a	n/a	10,912	4,625	15,537
J.M. Reid	n/a	n/a	n/a	28,609	20,000	48,609
A.H. Simon	n/a	n/a	n/a	50,277	35,000	85,277
D.W.G. Whitehead	n/a	n/a	n/a	51,590	153,299	204,889
M.M. Wilson	n/a	n/a	n/a	6,581	10,000	16,581

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	1,307,625	678,750	1,986,375
J.E.C. Carter	n/a	n/a	986,712	271,500	1,258,212
D.L. Emerson	n/a	n/a	626,160	198,195	824,355
K.A. Neveu	n/a	n/a	7,059	271,500	278,559
K.M. O'Neill	n/a	n/a	848,057	380,100	1,228,157
C.W. Patterson	n/a	n/a	296,261	125,569	421,830
J.M. Reid	n/a	n/a	776,734	543,000	1,319,734
A.H. Simon	n/a	n/a	1,365,021	950,250	2,315,271
D.W.G. Whitehead	n/a	n/a	1,400,668	4,162,068	5,562,736
M.M. Wilson	n/a	n/a	178,674	271,500	450,174

(1) The value of equity holdings was calculated using a Common Share value of \$27.15 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

SECTION V – EXECUTIVE COMPENSATION

Dear Shareholder,

We would like to take this opportunity to inform you about our executive compensation approach and related highlights of the past year. At our upcoming annual meeting, you will again be invited to cast your advisory 'Say on Pay' vote. To assist you in your decision and because we believe that it is important to give shareholders all the information required to fully understand the total compensation of Finning's executives and the reasons for our compensation-related decisions in 2013, we are pleased to present you with this summary and the more detailed description of the programs that can be found in the Compensation Discussion and Analysis (CD&A) on the following pages.

Oversight and Philosophy

The Board and the Human Resources Committee carefully oversee governance practices for executive compensation. The Human Resources Committee receives support from independent advisors and works closely with management to identify and make changes that ensure Finning's executive compensation programs are:

- competitive;
- effective at attracting, retaining and inspiring key employees while taking into account the overall cost of compensation;
- aligned with our global priorities and encourage appropriate behaviours and decisions; and
- rewarding our executives for performance and for building shareholder value.

As part of the Corporation's overall risk management process, the Human Resources Committee has recently developed an annual risk assessment process related to the executive compensation program including its strategy, philosophy, principles, and design. In its assessment this year, the Committee confirmed its belief that while the nature of the business in which Finning operates requires some level of risk taking to achieve growth and desired outcomes in the best interest of shareholders, the compensation programs and processes in place encourage appropriate and reasonable behaviours and contain risk mitigating features so as not to encourage excessive risk taking.

Compensation includes four basic components: (i) base salary; (ii) a cash short-term incentive program (STIP); (iii) a long-term incentive program (LTIP); and (iv) non-direct compensation (e.g. pension, benefits and other perquisites). Finning's philosophy generally aims for the individual compensation components as well as total compensation to be at approximately the 50th percentile of Finning's comparator companies if target performance is achieved and above or below the 50th percentile when performance is above or below target, respectively. However, the Human Resources Committee maintains the ability to use its discretion to consider exceptions to compensation plan terms if deemed necessary and appropriate.

2013 Leadership Changes

Several key changes were made in 2013 to the Named Executive Officers (NEO). Firstly, in June 2013, Scott Thomson was appointed as President and Chief Executive Officer, replacing Michael Waites following his retirement.

In November 2013, a re-alignment of responsibilities within the NEO group included the appointment of Andrew Fraser, former President, Finning (Canada), to the global role of Executive Vice President, Customer and External Relations, and the expansion of Juan Carlos Villegas' role to include the role of President, Finning (Canada) in addition to his role as Chief Operating Officer (COO), Finning International Inc.

The Human Resources Committee worked with Mr. Thomson in the review of Finning's strategy and priorities together with the management team. As a result, changes will be made in 2014 to both the STIP and the LTIP to align with Finning's priorities, as described later in this letter.

2013 Performance and Compensation

2013 results included record revenues and record earnings per share of \$1.95 and very strong free cash flow of approximately \$440M. Despite these successes, there were certain financial metric target and threshold levels set at the beginning of the year under the short-term incentive plan that were not achieved. For example, while we achieved a record in earnings per share (EPS) we did not achieve the target level set for consolidated operations. Further, EBIT margin (earnings before finance costs and income taxes as a percentage of total revenue) for consolidated operations and certain business units did not achieve threshold levels set. In addition, while we saw some success in safety metrics, this was overshadowed by two fatalities in our South American operations during 2013. Because fatalities are not acceptable, even if safety targets have been achieved in a given year, the safety component of the bonus structure is not paid out to senior executives if there has been an employee fatality in his or her area of responsibility. In 2013, senior executives at Finning International as well as employees in Finning South America will not receive the safety component of their bonus.

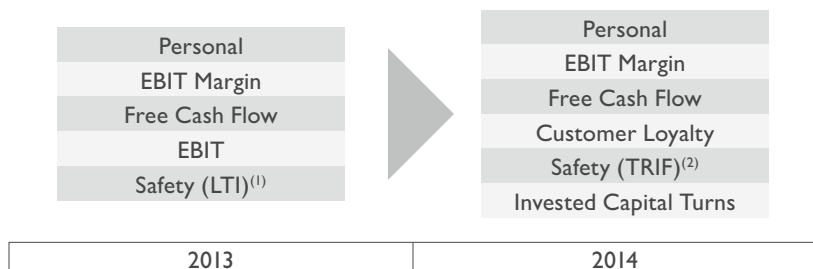
While 2013 payouts for the 2011 Performance Share Units (PSUs) previously granted under the long-term incentive plan that vest based on three-year ROE were above target, payouts under the short-term incentive plan for 2013 were significantly below target for all NEOs. The varying and overall payouts for each executive as shown in the following CD&A clearly demonstrate the ongoing link between pay and performance at Finning.

Looking Ahead to 2014

As introduced above, the Human Resources Committee and the Board, with the advice of its compensation consultant and management, have made some significant changes to our executive STIP and LTIP. These changes will take effect in 2014 and are designed to align incentives with 2014 key business and financial priorities, which will ultimately drive shareholder value.

2014 Short-Term Incentive Program

Finning's priorities moving into 2014 include a continued focus on safety, as well as a focus on customers, improved cost management, capital efficiency and asset utilization. To help drive focus in these areas, the metrics under the 2014 STIP have been revised as follows:

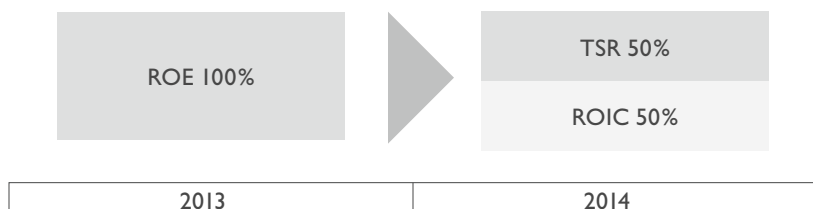


(1) LTI is defined as the number of lost time injuries per 200,000 exposure hours worked by employees.

(2) TRIF is defined as the number of total recordable injuries per 200,000 exposure hours worked by employees

2014 Long-Term Incentive Program

In 2014, while the LTIP grants will continue to include stock options and PSUs, the performance criteria for PSU vesting will change. Rather than vesting based on ROE, PSUs will vest based on a relative Total Shareholder Return (TSR) metric and a Return on Invested Capital (ROIC) metric. The TSR component of the PSU plan will help to further align executives' interests with that of shareholders. The ROIC component of the PSU plan is aligned with the capital efficiency priority and is also aligned with shareholder interests, as independent research studies have shown that increasing returns on invested capital have demonstrably driven positive share price performance. The revised metrics for PSU vesting are as follows:



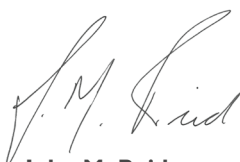
In Conclusion

Your Board, with the support of the Human Resources Committee, is committed to ensuring that Finning's senior executive compensation is aligned with shareholder interests and enables Finning's long-term competitiveness. We believe that our sound governance practices relating to executive compensation, on which you are invited to vote, are appropriately linked to our strategy to build long-term shareholder value and enable us to obtain the right balance between attracting and retaining talented leaders and compensation which is based on performance and sound risk taking.

Sincerely,



Douglas W.G. Whitehead
Chairman of the Board



John M. Reid
Chair, Human Resources Committee

2013 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

Senior executives should be focused on building shareholder value.

Senior executives' compensation should be performance-based.

A significant portion of senior executives' compensation should be at risk.

Senior executives should focus on building the business over a medium and long-term time horizon.

Senior executives should be focused on employee health and safety.

The bonus structure should be relatively simple and easy to understand.

The focus of the bonus structure should be on quantitative metrics.

Teamwork among senior executives should be encouraged and rewarded.

METHOD OF IMPLEMENTING PRINCIPLE

The Human Resources Committee seeks to focus senior management on several key financial metrics in its STIP and LTIP plans that it considers to be key drivers of shareholder value.

Total individual compensation varies from year to year depending on corporate, business unit, and individual performance results.

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 threshold is achieved and will receive increasing amounts as performance exceeds the targets.

The senior executives' compensation plan includes a long-term incentive plan that is focused on achieving results with a medium to longer term view.

Safety targets make up a component of the bonus structure. Also, as part of corporate policy, because fatalities are not acceptable, 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.

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 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 priorities and are those that the executives have a reasonable ability to influence.

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. 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, beginning in 2011, Finning voluntarily granted shareholders the right to cast an advisory vote on Finning's approach to executive compensation. At the 2013 annual meeting, 95.78% of the votes cast at the meeting approved Finning's overall approach to executive compensation. In 2012, there was 95.76% approval and in 2011, 97.12% approval. The Board will again provide shareholders with a Say on Pay advisory vote at the 2014 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. The Human Resources Committee also considers current and market trends in executive compensation and reviews the competitiveness of Finning's compensation plan relative to its comparator group of companies. 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, including several financial and safety measures such as those used in the short and long term incentive programs. 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 CEO for members of the leadership team, and also provides a recommendation with respect to the CEO's compensation to the Board of Directors, which makes the final decisions regarding such matters.

COMPARATOR GROUP BENCHMARKING

In conducting its executive compensation reviews, Finning, with input from the Human Resources Committee and in consultation with Hay Group, an independent human resources consultancy, selects a comparator group of companies for each region for purposes of benchmarking Finning's various compensation components and structure and ensuring that the value of the compensation provided is appropriate when compared to the amounts paid by members of its comparator group.

For purposes of benchmarking executive compensation, Finning can generally look to companies with whom it may compete for executive talent. For this purpose, criteria for selection generally includes companies:

- (i) of comparable size to Finning (in terms of revenue and employees, starting with a range of 1/2 to 2 times, but allowing flexibility due to size of the markets in certain regions in which Finning operates);
- (ii) which operate in similar industries (e.g. heavy equipment, mining, construction, forestry); and
- (iii) for our Canadian comparator group, which are generally major Canadian companies with global operations that are publicly listed independently or through their parent organization, with an emphasis on companies that have a presence in Western Canada.

The comparator groups are reviewed each year, and modified as deemed appropriate. Changes may reflect items such as new data becoming available (or data that is no longer available) or changing business circumstances.

Our Canadian comparator group includes the companies listed below:

Canadian Comparator Group

Core Industry Group

Agrium	Chemical
Arcelor Mittal	Metal Product
Barrick Gold Corporation	Mining
BHP Billiton Canada	Mining
Canadian Pacific Railway Ltd.	Transportation
Canfor Corporation	Forest Products
Churchill Corporation	Construction & Materials
Enbridge Inc.	Pipeline & Utilities
Fortis Inc.	Gas & Electricity
Goldcorp Inc.	Mining
Kinross Gold Corporation	Mining
Methanex Corporation	Gas
North American Energy Partners	Oilfield Services
Potash Corporation of Saskatchewan	Mining
Precision Drilling	Oilfield Services
Russel Metals Inc.	Metal Product
Sherritt International Corp.	Mining / Energy
SNC Lavalin	Engineering
Suncor Energy Inc.	Oil & Gas
Syncrude Canada Ltd.	Oil & Gas
Teck Resources Limited	Mining
Toromont Industries Ltd.	Machinery and Construction
Vale Canada	Mining
Wajax Corporation	Machinery
West Fraser Timber Co. Ltd.	Forest Product
Xstrata Canada	Mining

The group also included Nexen Inc. in 2013, which has been removed for 2014.

In addition, in consultation with Hay Group and regional senior management, Finning selects separate groups of comparator companies to use for local benchmarking purposes relating to some components of compensation for senior executives responsible for overseeing Finning's operations in foreign jurisdictions. For the United Kingdom Operations and for Finning South America (Chile) Operations, the following companies were identified for comparator group purposes as set out in the table below:

UK Comparator Group*	South America (Chile) Comparator Group**
Alstom Power	AES Gener
BHP Billiton International Services	Anglo American
BHP Billiton Petroleum	Antofagasta Minerals
BOC UK Gases*	Barrick Gold
BP plc*	BHP Billiton
Caterpillar Articulated Trucks	CGE
Caterpillar UK	Codelco
CEMEX UK*	Compania Minera Dona Ines de Collahuasi SCM
Centrica Renewable Energy UK	Freeport McMoran
ConocoPhillips UK*	Goldcorp**
Doosan Power Systems	KGHM International**
FG Wilson Engineering	Kinross
Lafarge Cement UK PLC	Komatsu
Marathon Oil	LAN
National Grid	Rio Tinto Mining & Exploration Ltd. – Chile
Perkins Engines Company	Teck Resources Limited – Chile
Petrofac*	Xstrata
RWE npower	
Rio Tinto plc*	
Rolls-Royce	
Schlumberger Oilfield UK	
Scottish Power Renewables	
Senergy	
SSE plc*	
Talisman Energy (UK)	
Total E&P UK Limited*	
Xstrata PLC	

*Companies marked with * are new companies to the group that will be used for setting executive compensation in 2014. For 2013, the group also included Balfour Beatty, Costain Group, Sandvik UK, Serco Group and Tarmac.

**Companies marked with ** are new companies to the group that will be used for setting executive compensation in 2014. For 2013, the group also included Meridian.

The comparator groups noted above are used for compensation purposes only; not to benchmark financial performance. Due to Finning's unique business model, it is challenging to identify a peer group of comparable statistical significance against which to benchmark financial performance, and as such, until recently, no relative performance metrics have been used for Finning's STIP or LTIP. However, as noted earlier in the introductory letter, commencing in 2014, a relative measure (total shareholder return) will be used to determine part of the vesting for the PSU grant in the LTIP. The comparator group used for that purpose will be the S&P/TSX Capped Industrials Index. Finning share price performance has correlated well with this index in the past and a number of companies that are in a similar business are part of this index.

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 senior executive is set 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 items such as individual performance, expertise, competency and experience 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 discussed earlier on page 54.

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 (i.e. financial or other measures) relating to both overall corporate performance and where applicable, the performance of business units for which each executive has responsibility. At the business unit level, targets are similarly set with reference to the business unit’s AOP. 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.

The short-term incentive program is 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. If Company performance does not meet targets, then cash compensation will be below the 50th percentile.

This component of Finning’s total compensation package is clearly “at risk” in the sense that, for each performance metric/measure established, an executive does not receive any cash payment until a minimum performance threshold is achieved. Upon achieving this threshold, 50% of the target payment 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 2013:

Role	Target Bonus (% of Base Salary)	Potential Payout Range (% of Base Salary)
CEO	100%	0% - 200%
COO	80%	0% - 160%
Other NEOs	60%	0% - 120%

In 2013, the metrics used by Finning under its short-term incentive plan were:

Metric			CEO/COO/CFO	All other NEOs	
	Corporate Target	2013 Actual Results	Bonus Target Weighting – Corporate	Bonus Target Weighting – Corporate	Bonus Target Weighting – Business Unit
Normalized Earnings Per Share (EPS) or Normalized Earnings Before Finance Costs and Income Taxes (EBIT) ⁽¹⁾	\$2.31	\$1.95	24.1%	7.1%	17.0% ⁽⁶⁾
Normalized EBIT Margin ⁽²⁾	8.5%	7.7%	24.1%	7.1%	17.0% ⁽⁶⁾
Free Cash Flow (FCF) ⁽³⁾	\$386.0 million	\$440.7 million	24.1%	7.1%	17.0% ⁽⁷⁾
Safety ⁽⁴⁾	0.20	0.19	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%
TOTAL			100.0%		100.0%

(1) EPS is a measure used for the corporate target and EBIT (earnings before finance costs and income taxes) is a measure used for the business unit targets. Targets were established for EPS and EBIT based on the AOP for 2013. 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 2013, there were no significant items for which adjustments have been made.

(2) EBIT Margin is defined as earnings before finance costs and income taxes as a percentage of total revenue.

(3) FCF is defined as cash provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets 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 CEO, all personal goals are approved by the Board of Directors upon the recommendation of the Human Resources Committee. For all other NEOs, personal goals are approved by the CEO to ensure they are clearly aligned with overall corporate priorities and objectives. Finning believes that disclosure of the details associated with the personal goals of NEOs would affect its overall competitive position and, as a result, is not disclosing this information.

(6) Targets are established for EBIT and EBIT Margin in the business unit. Finning believes that disclosure of the targets associated with EBIT and EBIT Margin in the business units would affect its overall competitive position and, as a result, is not disclosing this information.

(7) Targets are established for FCF (as defined in footnote (3) above) generated by the business unit. Finning believes that disclosure of the targets associated with FCF in the business units would affect its overall competitive position and, as a result, is not disclosing this information.

(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. Finning believes that disclosure of the targets associated with Safety (LTI) in the business units would affect its overall competitive position and, as a result, is not disclosing this information.

These targets were selected 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 metrics and associated targets used by Finning for the 2013 year reflect an appropriate mix for short-term incentive compensation, and 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. As priorities evolve going into 2014, some of the metrics used to determine short-term incentive compensation for the year 2014 have changed. Information on the changes was provided earlier in the introductory letter, but in summary, additional metrics will include measures of customer loyalty and invested capital turns, while the EPS measure (EBIT at the business unit level) will be removed. In addition, going forward, the safety metric will measure total recordable injury frequency (TRIF) rather than lost time injury frequency (LTIF), as management believes that this change will further focus on identifying the root cause of accidents and taking action early to prevent more serious injuries.

More detail on the short-term incentive payments made for the 2013 fiscal year to the CEO and other NEOs, 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 2013".

LONG-TERM INCENTIVES

The current long-term incentive plan includes PSUs and Stock Options, equally weighted. This plan is designed to attract and 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.

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 potential. 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 leadership, expertise, competency and potential. The Committee also considers in its decision-making process, information provided by its independent compensation consultant, with respect to general market trends, market survey data, and best practices in the area of long-term incentives. Previous grant levels 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 CEO and NEOs are set out later in this management proxy circular under the heading "Long-Term Incentive Plan Awards".

Performance Share Unit Plan

The PSU plan is a performance-based incentive plan that creates 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 2013, the annual PSUs granted had a notional weighted average grant price of \$22.20 and contain vesting conditions that are based on Finning's average ROE for the three-year period ending December 31, 2015. Those conditions are set out below:

Average ROE ⁽¹⁾ 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

(1) ROE may be normalized for items deemed by the Human Resources Committee and management as rare, infrequent, non-recurring or unusual in nature and are unpredictable or independent of any management action, and therefore not reflective of the underlying performance of Finning's ongoing operations. Such items would be removed from the reported results prepared in accordance with IFRS.

In order for any PSUs granted in 2013 to vest, the average ROE over the three-year period ending December 31, 2015 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 between any two of the vesting levels noted above, is determined on a linear basis.

The vesting conditions for the 2014 PSU grant has been revised from that shown above. Information on the changes was provided earlier in the introductory letter, and in summary, the 2014 PSU grant will contain vesting conditions based partially on the Company's three-year average total shareholder return relative to the S&P/TSX Capped Industrials, and partially on the Company's three-year average ROIC, for the period ending December 31, 2016. ROIC is defined as EBIT (adjusted for significant non-recurring items) divided by invested capital based on an average of the last four quarters.

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 to 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 increases 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 and governed by the terms of Finning's existing 2005 Stock Option Plan for Senior Executives (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. Upon Mr. Villegas' appointment as President, Finning (Canada) in November 2013, an additional vesting provision was incorporated into the off-cycle option grant made to him at that time, where the options may not be exercised until after November 20, 2016 (three years following the grant date).

Deferred Share Unit Plan

Finning discontinued the annual practice of granting DSUs to senior executives in 2006 for market competitiveness reasons. However, on an exceptional basis and in extremely rare circumstances, Finning may grant DSUs to senior executives if approved by the Human Resources Committee. Only two such grants have occurred since 2006; one grant made in 2012 and another in 2013, both in relation to the COO role. As a result, only a small number of current executives hold vested DSUs and only one executive holds unvested DSUs.

DSUs track the value of Finning's Common Shares but do not entitle the holder to receive Common Shares from treasury or to voting rights. All DSUs, other than the 2012 and 2013 grants, are fully vested, based on historical share price performance criteria. Both the 2012 and 2013 grants vest based on time, with the 2012 grant vesting over five years in five equal instalments beginning on the first anniversary of the grant date and the 2013 grant vesting in full two years from the grant date. All vested DSUs accrue notional dividends that are allocated in the form of additional DSUs based on the fair market value of Finning's common shares on the day preceding the dividend payment date. Vested DSUs can only be converted into a cash payment or common shares following termination of employment or retirement from Finning. If payment is requested in the form of common shares, Finning will purchase them on behalf of the executive on the Toronto Stock Exchange.

PENSION, BENEFITS AND OTHER PERQUISITES

Finning provides a series of pension and benefit programs to its senior executives. These generally 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 (ESPP). Variations in these programs may exist between Finning's regions due to local market conditions.

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 50th 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 CEO and NEOs in 2013 is described later in the Summary Compensation Table. 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. In 2012, the Human Resources Committee engaged Towers Watson, its compensation advisor, to conduct a risk assessment of the executive compensation programs and to develop a risk assessment framework. In 2013, the annual risk assessment framework was implemented and the first annual assessment was completed. Based on this, and 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 adverse effect on Finning.

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 NEOs, 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 balance between fixed/variable compensation and short-term/long-term incentives along with the overlapping cycles for PSUs, which encourages sustained performance, 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 STIP is designed to reward results achieved with 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. In addition, payouts under the plan are capped at 200% of target. The metrics used are generally chosen to be those which are important to Finning's success. Finning's financial success is important from a shareholder's point of view. Excellence in safety practices is essential to ensure financials are achieved in the right way without comprising the health and safety of our employees. Details on the short-term incentive plan are provided earlier under the heading "Short-Term Incentives".

- the LTIP incorporates both time and performance vesting features. 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. PSUs vest at the end of three years only if specific performance criteria are met, with payouts capped at 200% of target, adding mid-term focus as well. This plan captures both market-based and return-based performance.
- 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.
- strong governance oversight and culture are in place. While certain senior executives, including the CEO, review and make recommendations with respect to the compensation programs, final approval of the programs, related incentive metrics and incentive payments for the CEO, his direct reports and the members of the leadership team, 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 compensation for executives, in total and by component, is regularly benchmarked against a peer group of companies of similar size and scope as reviewed by the Human Resources Committee. This group is described earlier in this circular. This benchmarking 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 NEOs are:

- the CEO is required to hold, at a minimum, Common Shares and vested DSUs of Finning with a value equal to three times his annual salary within five years of the date of his or her appointment to that position;
- the COO is required to hold, at a minimum, Common Shares and vested DSUs of Finning with a value equal to two times his 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 within five years of the date of his or her appointment to that position; and
- in addition, in determining shareholdings eligible for ownership requirements, each executive is 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 NEOs as at December 31, 2013.

Name	Equity Holdings						Share Ownership Requirement				
	Ownership Multiple of Salary	Total Number of Vested DSUs Held	Total Value of Vested DSUs Held (\$)	Number of Common Shares Held	Total Value of Common Shares Held (\$)	Total Number of Shareholdings	Total Value of Shareholdings ⁽¹⁾ (\$)	Number of DSUs Held Eligible for Meeting Ownership Requirements ⁽²⁾	Total Value of Shareholdings Eligible for Ownership Requirements ⁽³⁾ (\$)	% of Requirement Achieved	Meets Guidelines
L. Scott Thomson	3 x	–	–	58,616	1,591,424	58,616	1,591,424	–	1,591,424	59%	Has until June 16, 2018 to achieve
David S. Smith	1.5 x	–	–	31,228	847,840	31,228	847,840	–	847,840	119%	Yes
Juan Carlos Villegas	2 x	53,584	1,454,806	20,136	546,692	73,720	2,001,498	27,624	1,296,692	86%	Has until June 17, 2017 to achieve
Andrew S. Fraser	1.5 x	53,731	1,458,797	15,876	431,033	69,607	1,889,830	14,641	828,533	104%	Yes
Marcello Marchese	1.5 x	–	–	22,772	618,260	22,772	618,260	–	618,260	77%	Has until June 17, 2017 to achieve

(1) This represents the total value of all vested DSUs and common shares held. This does not include unvested DSUs or other at-risk long-term incentives, such as Stock Options and PSUs. Stock options are not considered as equity until they are exercised and retained as common shares. PSUs are not included in the calculation as there is no guarantee of vesting until certain performance conditions have been met. Refer to the table under the heading "Outstanding Share-Based Awards and Option-Based Awards" for further details.

(2) Includes 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 \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

Finning's Senior Vice President and Chief Human Resources Officer, and also the Corporate Secretary, annually review compliance with the foregoing requirements. In addition, the Human Resources Committee reviews ownership levels on an annual basis. As of December 31, 2013, 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; 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 CEO'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 is at risk. The chart below shows the amount of pay at risk in 2013 as a percent of total direct compensation for the NEOs. 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.

Name	Pay at Risk				Target Total Pay at Risk
	Salary	Short-term Incentive Bonus (at Target)	PSUs (at Target)	Long-term Incentives Stock Options (at Target)	
L. Scott Thomson	20%	20%	30%	30%	80%
David S. Smith	39%	25%	18%	18%	61%
Juan Carlos Villegas	33%	27%	20%	20%	67%
Andrew S. Fraser	41%	25%	17%	17%	59%
Marcello Marchese	41%	25%	17%	17%	59%

PAY-FOR-PERFORMANCE RESULTS FOR 2013

Pay is linked to company performance primarily through Finning's short-term and long-term incentive plans.

SHORT-TERM INCENTIVE PLAN

The table below sets out, for each NEO, 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 under the short-term incentive plan for 2013. Information on the total value of all compensation paid during 2013 to the CEO and other NEOs is set out later in the Summary Compensation Table.

2013 results included record revenues and record earnings per share of \$1.95 and very strong free cash flow generation of approximately \$440M. Despite these successes, there were certain financial metric target and threshold levels set at the beginning of the year under the short-term incentive plan that were not achieved. For example, while we achieved a record in earnings per share (EPS), we did not achieve the target level set for consolidated operations. Further, EBIT margin for consolidated operations and certain business units did not achieve thresholds set. In addition, while Finning saw some success in safety metrics, this was overshadowed by two fatalities in the South American operations during 2013. Because fatalities are not acceptable, even if safety targets have been achieved in a given year, the safety component of the bonus structure is not paid out to senior executives if there has been an employee fatality in his or her area of responsibility. In 2013, senior executives at Finning International as well as all employees in Finning South America will not receive the safety component of their bonus.

The varying payouts for the key metrics and overall payouts relative to target for each executive demonstrate the ongoing link between pay and performance in the short-term incentive plan.

Individual resulting payouts under the 2013 plan for the CEO and NEOs are as follows:

Name of Executive and Target Category	Weighting (% of total bonus)	Target Bonus (% of base salary)	Actual Bonus (% of base salary)
L. Scott Thomson ⁽¹⁾ , <i>President and Chief Executive Officer</i>			
EPS	24.1	24.1	14.7
EBIT Margin	24.1	24.1	0.0
FCF	24.1	24.1	33.2
Safety ⁽⁴⁾	12.7	12.7	0.0
Personal	15.0	15.0	12.0
Total	100.0	100.0	59.9
David S. Smith , <i>Executive Vice President and Chief Financial Officer</i>			
EPS	24.1	14.5	8.8
EBIT Margin	24.1	14.5	0.0
FCF	24.1	14.5	19.9
Safety ⁽⁴⁾	12.7	7.5	0.0
Personal	15.0	9.0	6.0
Total	100.0	60.0	34.7
Juan Carlos Villegas ⁽²⁾ , <i>President, Finning (Canada) and Chief Operating Officer, Finning International</i>			
EPS	24.1	19.3	11.7
EBIT Margin	24.1	19.3	0.0
FCF	24.1	19.3	26.6
Safety ⁽⁴⁾	12.7	10.1	0.0
Personal	15.0	12.0	9.6
Total	100.0	80.0	47.9
Andrew S. Fraser ⁽³⁾ , <i>Executive Vice President, Customer and External Relations</i>			
EPS	7.1	4.3	2.6
EBIT Margin	7.1	4.3	0.0
FCF	7.1	4.3	5.9
Safety	3.7	2.1	2.4
EBIT (Business Unit)	17.0	10.2	6.4
EBIT Margin (Business Unit)	17.0	10.2	0.0
FCF (Business Unit)	17.0	10.2	11.6
Safety (Business Unit)	9.0	5.4	5.8
Personal	15.0	9.0	4.5
Total	100.0	60.0	39.2
Marcello Marchese , <i>President, Finning South America</i>			
EPS	7.1	4.3	2.6
EBIT Margin	7.1	4.3	0.0
FCF	7.1	4.3	5.9
Safety ⁽⁴⁾	3.7	2.1	0.0
EBIT (Business Unit)	17.0	10.2	7.1
EBIT Margin (Business Unit)	17.0	10.2	0.0
FCF (Business Unit)	17.0	10.2	11.8
Safety (Business Unit) ⁽⁴⁾	9.0	5.4	0.0
Personal	15.0	9.0	6.0
Total	100.0	60.0	33.4

(1) Mr. Thomson was appointed president and CEO, succeeding Mr. Waites, effective June 17, 2013. Mr. Thomson's 2013 bonus reflects 6-1/2 months of service in his role as President and CEO.

(2) Mr. Villegas was appointed President, Finning (Canada) on November 18, 2013, retaining his COO duties as well. His 2013 short-term incentive payment is calculated as if he was in the COO-only role for the full year.

(3) Mr. Fraser was President, Finning (Canada) in 2013 up to November 18, 2013 when he was appointed Executive Vice President of Customer and External Relations. His 2013 short-term incentive payment is calculated as if he was in the President, Finning (Canada) role for the full year.

(4) Even though Finning exceeded target on its Canadian and overall safety results, and exceeded threshold in Finning UK and Finning South America, as part of corporate policy, Mr. Thomson, Mr. Villegas, Mr. Smith and Mr. Marchese received zero on the safety component of their bonus due to two fatalities in South America in 2013.

LONG-TERM INCENTIVE PLAN

Vesting for PSUs granted in 2011 was determined at the end of 2013, based on the average ROE over 2011, 2012 and 2013. The following table shows the impact of the financial results of Finning on the 2011 PSU grant:

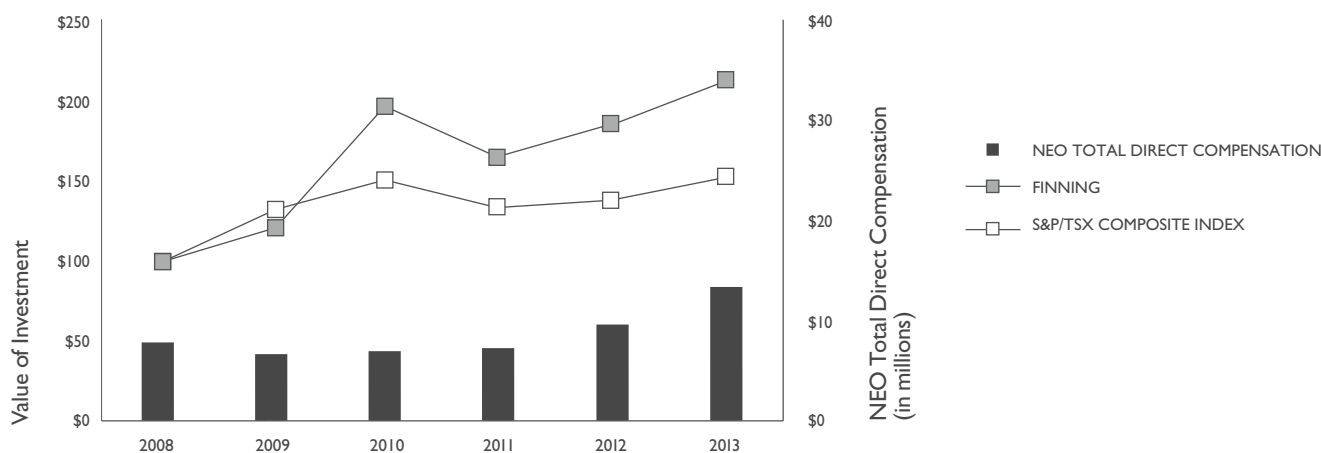
Average ROE for 3-Year Period ⁽¹⁾	Vesting Schedule	Average ROE Results Achieved	Vesting Percentage Achieved
Achievement of <15%	0%		
Achievement of 15%	50%		
Achievement of 18%	100%	21.2%	180.8%
Achievement of ≥22%	200%		

(1) ROE may be normalized for items deemed by the Human Resources Committee and management as rare, infrequent, non-recurring or unusual in nature and unpredictable or independent of any management action, and therefore not reflective of the underlying performance of Finning's ongoing operations. Such items would be removed from the reported results prepared in accordance with IFRS. For the 2011 – 2013 period, there were no notable items for which adjustments have been made.

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.



	2008	2009	2010	2011	2012	2013
Finning	\$ 100	\$ 120	\$ 199	\$ 166	\$ 188	\$ 213
S&P/TSX Composite Index	\$ 100	\$ 131	\$ 150	\$ 133	\$ 138	\$ 152
NEO Total Direct Compensation	\$(mil) 7.8	\$ 6.6	\$ 6.8	\$ 6.9	\$ 9.9	\$ 13.5

The compound annual growth rate of Finning's total shareholder return for the five-year period ending December 31, 2013 was 16.3%. By comparison, the compound annual growth rate of NEO total direct compensation over this same period was 11.6%. 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 granted during the year. Two key reasons for the increase in NEO total direct compensation from 2012 to 2013 are the appointment of a new CEO and his one-time grant and changes associated with the COO role. Data reported for the COO role is based on a full year of service in 2013 compared to a partial year in 2012 as the role was created in June 2012. Also, in recognition of taking on the additional role of President, Finning (Canada) in November 2013, Mr. Villegas received an off-cycle stock option grant.

The most significant portion of executive pay is delivered through incentive compensation, primarily in long-term incentives. The ultimate value that may be realized from long-term incentives is linked to Finning's share price or other key financial measures that indirectly impact our share price, and is therefore aligned with total shareholder return.

PRESIDENT AND CEO COMPENSATION

Mr. Thomson joined Finning on June 17, 2013, upon Mr. Waites' retirement. The increase in NEO total direct compensation in 2013 shown in the performance graph includes an increase in CEO compensation in 2013, as shown in the Statement of Executive Compensation section of this management proxy circular. The increase in total direct compensation is primarily a result of a higher long-term incentive award, partly offset by a lower short-term incentive plan payout, both of which are "at risk" elements of CEO compensation. The higher long-term incentive award is primarily the result of a one-time grant upon Mr. Thomson's hire with a compensation value of \$2 million. The Human Resources Committee and the Board believe this one-time award was necessary and appropriate for Mr. Thomson's appointment, and with the award taking the form of a long-term incentive grant, it aligns CEO and shareholder interests.

In keeping with Finning's compensation philosophy of performance-based pay, the lower 2013 short-term incentive award for the CEO role reflects the fact that certain performance results did not achieve the targets set at the beginning of the year.

STATEMENT OF EXECUTIVE COMPENSATION

NAMED EXECUTIVE OFFICERS

Our Named Executive Officers 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, DSUs, PSUs and Stock Options was calculated using Common Share values of \$27.15, \$24.57 and \$22.21, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013, December 31, 2012 and December 30, 2011, respectively.



L. SCOTT THOMSON – PRESIDENT AND CHIEF EXECUTIVE OFFICER
VANCOUVER, BRITISH COLUMBIA, CANADA
Age: 44

Mr. Thomson joined Finning International Inc. as President and Chief Executive Officer in June of 2013.

Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. with responsibility for finance, tax, treasury, investor relations, marketing, business development, and strategy, planning and performance management. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises, including Executive Vice President, Corporate Development; Vice President, Head of Mergers and Acquisitions; and Vice President, Corporate Strategy. Prior to Bell, Mr. Thomson was a Vice President at Goldman, Sachs and Co.

Mr. Thomson holds a Bachelor of Arts in Economics and Political Science from Queen's University, Kingston and a MBA from the University of Chicago, Graduate School of Business.

Total Shareholdings		
	Number	Value
2013	58,616	\$1,591,424

Share Ownership Guidelines				
Minimum Ownership Requirement Multiple	Requirement Amount	Eligible Holdings ⁽¹⁾	% Guidelines Achieved	Meets Guidelines
3 x salary	\$ 2,700,000	\$ 1,591,424	59%	Has until June 16, 2018 to meet guideline

Total Compensation	
Three-Year Look-Back	2013
Base Salary	\$ 467,308
Short-Term Incentive	294,185
Long-Term Incentive (PSUs) ⁽²⁾	2,399,550
Long-Term Incentive (Stock Options) ⁽³⁾	2,399,550
Pension Value ⁽⁴⁾	56,077
All Other Compensation	24,652
Total Compensation	\$ 5,641,322

(1) Valued at the Common Share value of \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

(2) This represents the PSU award value at grant date of June 17, 2013, and includes a one-time grant with a value of \$1,000,000 upon Mr. Thomson's appointment as CEO. The PSUs have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2013, the present value of PSUs at the date of grant was 85% of the exercise price. 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. Value shown is as of the grant date of June 17, 2013, and includes a one-time grant with a value of \$1,000,000 upon Mr. Thomson's appointment as CEO. For 2013, the present value of stock options at the date of grant was 28.5% of the exercise price.

(4) Represents the current pension service costs during 2013. 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: 55

Mr. Smith was appointed Executive Vice President and Chief Financial Officer for Finning International Inc. in February 2009. Prior to joining Finning, Mr. Smith was Chief Financial Officer of Ballard Power Systems from 2002 to 2008. Prior to Ballard, Mr. Smith worked 16 years with Placer Dome Inc. (formerly a publicly listed senior international mining company, now a subsidiary of Barrick Gold Corporation) in various senior financial positions, including, regional Vice President and Chief Financial Officer in the United States, Chile and Canada. Mr. Smith is an alumni of Price Waterhouse.

Mr. Smith is a Certified Public Accountant, holds a Bachelor of Science, Business Administration, from California State University, Sacramento and is accredited through the Institute of Corporate Directors/Rotman School of Management Directors' Education Program (ICD.D).

Total Shareholdings

	Number	Value
2013	31,228	\$ 847,840
2012	21,679	\$ 532,653
2011	20,062	\$ 445,577

Share Ownership Guidelines

Minimum Ownership Requirement Multiple	Amount	Eligible Holdings ⁽¹⁾	% Guidelines Achieved	Meets Guidelines
1.5 x salary	\$ 714,000	\$ 847,840	119%	Yes

Total Compensation

Three-Year Look-Back	2013	2012	2011
Base Salary	\$ 475,631	\$ 459,712	\$ 444,288
Short-Term Incentive	165,267	207,138	155,127
Long-Term Incentive (PSUs) ⁽²⁾	307,375	238,237	169,100
Long-Term Incentive (Stock Options) ⁽³⁾	307,375	238,237	169,100
Pension Value ⁽⁴⁾	188,000	174,000	160,000
All Other Compensation	41,472	41,474	34,881
Total Compensation	\$ 1,485,120	\$ 1,358,798	\$ 1,132,496

(1) Valued at the Common Share value of \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

(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, 2012 and 2013, the present value of PSUs at the date of grant was 85% of the exercise price. 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 2013, the present value of stock options at the date of grant was 28.5% of the exercise price; for 2012 it was 31.1% and for 2011 it was 37.2%.

(4) Represents the current pension service costs during 2011, 2012 and 2013 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 (CANADA) AND CHIEF OPERATING OFFICER, FINNING INTERNATIONAL
EDMONTON, ALBERTA, CANADA
Age: 59

In November 2013, Mr. Villegas was appointed President of Finning (Canada) in addition to his position as Chief Operating Officer of Finning International Inc., which was effective in June 2012. As the Chief Operating Officer, Mr. Villegas has responsibility for increasing operational efficiencies and profitability. His previous role was President of Finning South America, with overall responsibility for Finning’s operations in Chile, Argentina, Bolivia and Uruguay effective August 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. Prior to joining Finning, Mr. Villegas had 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
2013	73,720	\$ 2,001,498
2012	75,185	\$ 1,847,295
2011	65,816	\$ 1,461,761

Share Ownership Guidelines

Minimum Ownership Requirement Multiple	Requirement Amount	Eligible Holdings ⁽¹⁾	% Guidelines Achieved	Meets Guidelines
2.0 x salary	\$ 1,500,000	\$ 1,296,692	86%	Has until June 17, 2017 to meet guideline

Total Compensation

Three-Year Look-Back	2013	2012	2011
Base Salary ⁽²⁾	\$ 750,000	\$ 676,202	\$ 526,072
Short-Term Incentive ⁽²⁾	359,100	407,684	278,555
Long-Term Incentive (PSUs) ⁽³⁾	458,769	381,751	169,100
Long-Term Incentive (Stock Options) ⁽⁴⁾	1,758,338	381,751	169,100
Long-Term Incentive (DSUs) ⁽⁵⁾	200,007	500,000	n/a
Pension Value ⁽⁶⁾	139,666	46,731	n/a
All Other Compensation ⁽⁷⁾	258,497	771,122	133,356
Total Compensation	\$ 3,924,377	\$ 3,165,241	\$ 1,276,183

(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 \$27.15 which was the closing trading price of Finning’s Common Shares on the Toronto Stock Exchange on December 31, 2013.

(2) For Mr. Villegas’ service in South America prior to becoming COO in 2012, amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2012: 1 CLP = 0.002055 CAD; and 2011: 1 CLP = 0.002047 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, 2012 and 2013, the present value of PSUs at the date of grant was 85% of the exercise price. 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 2013, the present value of stock options at the date of grant was 28.5% of the exercise price; for 2012 it was 31.1% and for 2011 it was 37.2%. The 2013 grant value includes an additional grant in the amount of \$1,299,569 (175,000 options) made in respect of Mr. Villegas’ appointment to the additional role of President, Finning (Canada). These options were issued under the 2005 Stock Option Plan and have the additional vesting requirement that they may not be exercised until after November 20, 2016 (three years following the grant date).

(5) In September, 2013, Mr. Villegas was awarded a DSU grant that will vest two years following the grant date. The grant awarded in 2012 will vest in five equal instalments over five years, with vesting beginning on his 1st anniversary date in the COO role.

(6) Finning South America is not a designated employer participating under any pension plan of Finning. However, when Mr. Villegas moved from Finning South America to Finning International, he joined the Canadian Executive DC Pension Plan.

(7) In 2013, “All Other Compensation” for Mr. Villegas includes \$180,000 in housing allowance as part of his expatriate assignment in Canada. In 2012, Mr. Villegas received \$62,500 for relocation costs and \$105,000 in housing allowance as part of his expatriate assignment in Canada. Also, prior to his move to Canada in 2012, Mr. Villegas elected to receive an early withdrawal of \$500,000 from his Chilean indemnity plan. Please refer to the section of “Termination or Change of Control Benefits” set out later in this document.



ANDREW S. FRASER – EXECUTIVE VICE PRESIDENT, CUSTOMER AND EXTERNAL RELATIONS
WEST VANCOUVER, BRITISH COLUMBIA, CANADA

Age: 53

Mr. Fraser was appointed Executive Vice President, Customer and External Relations in November 2013. In this role, Mr. Fraser is accountable for strengthening relationships with Finning's key customers, supporting the dealer principals' ongoing collaboration with Caterpillar and fostering community and government relations. Reflecting the fundamental importance of safety at Finning, Mr. Fraser is also responsible for providing strategic oversight and coordination across the operations to meet Finning's commitment to continued safety excellence. In his career spanning over 30 years with Finning, Mr. Fraser has held a variety of senior roles across the operations. Most recently, Mr. Fraser was President of Finning (Canada) where he laid a solid foundation for greater operational improvements. Prior to that, he provided leadership for a renewed business strategy in the UK as Managing Director of Finning UK Group. Before being appointed Managing Director of Finning UK Group in 2006, Mr. Fraser held a variety of progressively senior leadership roles within Finning (Canada) including Group Vice President; Sales and Marketing Vice President; and, Operations and Customer Relations Vice President.

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

Total Shareholdings

	Number	Value
2013	69,607	\$ 1,889,830
2012	67,558	\$ 1,659,900
2011	55,241	\$ 1,226,903

Share Ownership Guidelines

Minimum Ownership Requirement Multiple	Requirement Amount	Eligible Holdings ⁽¹⁾	% Guidelines Achieved	Meets Guidelines
1.5 x salary	\$ 795,000	\$ 828,533	104%	Yes

Total Compensation

Three-Year Look-Back	2013	2012	2011
Base Salary	\$ 507,939	\$ 469,231	\$ 368,750
Short-Term Incentive	199,372	169,623	129,250
Long-Term Incentive (PSUs) ⁽²⁾	230,725	238,237	169,100
Long-Term Incentive (Stock Options) ⁽³⁾	230,725	238,237	169,100
Pension Value ⁽⁴⁾	367,000	332,000	534,000
All Other Compensation	57,303	59,385	41,583
Total Compensation	\$ 1,593,064	\$ 1,506,713	\$ 1,411,783

(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 \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013.

(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, 2012 and 2013, the present value of PSUs at the date of grant was 85% of the exercise price. 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 2013, the present value of stock options at the date of grant was 28.5% of the exercise price; for 2012 it was 31.1% and for 2011 it was 37.2%.

(4) Represents the current pension service costs during 2011, 2012, and 2013 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.



MARCELLO MARCHESE – PRESIDENT, FINNING SOUTH AMERICA
SANTIAGO, CHILE
Age: 48

Mr. Marchese was appointed President of Finning South America in June 2012 with overall responsibility for Finning’s operations in Chile, Argentina, Bolivia and Uruguay. His previous role was Senior Vice President, Construction and Power Systems of Finning South America effective 2008. Mr. Marchese joined Finning in 1998 as Manager of the Power Systems Division in Chile. In 2002 he was transferred to Finning International, Vancouver, Canada where he held the positions of Business Development Manager, Power Systems and International Marketing Manager, Power and Energy. Mr. Marchese returned to Chile in January of 2006 as Vice President of Customer Support Services, Finning South America, and in October 2006 he assumed the position of Vice President, Operations for the region. Mr. Marchese has over 18 years of experience in progressively senior roles in the aviation and power systems industries, in addition to the various roles he has held at Finning.

Educated in Chile, Mr. Marchese holds a Civil Mechanical Engineering degree from Federico Santa Maria University and an MBA from Adolfo Ibáñez University.

Total Shareholdings

	Number	Value
2013	22,772	\$ 618,260
2012	20,173	\$ 495,651
2011	17,950	\$ 398,670

Share Ownership Guidelines

Minimum Ownership Requirement Multiple	Requirement Amount	Eligible Holdings ⁽¹⁾	% Guidelines Achieved	Meets Guidelines
1.5 x salary	\$ 806,169	\$ 618,260	77%	Has until June 17, 2017 to meet guideline

Total Compensation

Three-Year Look-Back	2013	2012	2011
Base Salary ⁽²⁾	\$ 532,134	\$ 470,625	\$ 359,006
Short-Term Incentive ⁽²⁾	177,839	249,385	145,775
Long-Term Incentive (PSUs) ⁽³⁾	248,955	146,236	92,690
Long-Term Incentive (Stock Options) ⁽⁴⁾	248,955	146,236	92,690
Pension Value	n/a	n/a	n/a
All Other Compensation ⁽²⁾	88,652	95,233	175,837
Total Compensation	\$ 1,296,535	\$ 1,107,715	\$ 865,998

(1) Valued at the Common Share value of \$27.15, which was the closing trading price of Finning’s Common Shares on the Toronto Stock Exchange on December 31, 2013.

(2) Amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2013: 1 CLP = 0.002083 CAD; 2012: 1 CLP = 0.002055 CAD; and 2011: 1 CLP = 0.002047 CAD.

(3) This represents the PSU award values as of their grant. They have been valued using an expanded Binomial Valuation Model as described in the Summary Compensation Table. For 2011, 2012 and 2013, the present value of PSUs at the date of grant was 85% of the exercise price. 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 2013, the present value of stock options at the date of grant was 28.5% of the exercise price; for 2012 it was 31.1% and for 2011 it was 37.2%.

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned in each of the last three fiscal years by each of the NEOs. As Mr. Thomson was appointed President and CEO in June, 2013 upon Mr. Waites' retirement, the information shown for each of these individuals represents only the partial year for which they were actively employed:

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Share Awards ⁽²⁾ (\$)	Option Awards ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Long-Term Incentive Plans	Pension Value ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
L. Scott Thomson, President and Chief Executive Officer	2013	467,308	2,399,550	2,399,550	294,185	n/a	56,077	24,652	5,641,322
Michael T. Waites, Former President and Chief Executive Officer	2013	479,615	0	0	252,694	n/a	387,000	26,500	1,145,809
	2012	950,000	1,286,218	1,286,218	700,000	n/a	569,000	62,356	4,853,792
	2011	947,115	862,150	862,150	500,000	n/a	1,008,000	65,246	4,244,661
David S. Smith, Executive Vice President and Chief Financial Officer	2013	475,631	307,375	307,375	165,267	n/a	188,000	41,472	1,485,120
	2012	459,712	238,237	238,237	207,138	n/a	174,000	41,474	1,358,798
	2011	444,288	169,100	169,100	155,127	n/a	160,000	34,881	1,132,496
Juan Carlos Villegas, President, Finning (Canada) and Chief Operating Officer, Finning International ⁽⁶⁾	2013	750,000	458,769	1,758,338	359,100	200,007	139,666	258,497	3,924,377
	2012	676,202	381,751	381,751	407,684	500,000	46,731	771,122	3,165,241
	2011	526,072	169,100	169,100	278,555	n/a	n/a	133,356	1,276,183
Andrew S. Fraser, Executive Vice President, Customer and External Relations	2013	507,939	230,725	230,725	199,372	n/a	367,000	57,303	1,593,064
	2012	469,231	238,237	238,237	169,623	n/a	332,000	59,385	1,506,713
	2011	368,750	169,100	169,100	129,250	n/a	534,000	41,583	1,411,783
Marcello Marchese, President, Finning South America ⁽⁷⁾	2013	532,134	248,955	248,955	177,839	n/a	n/a	88,652	1,296,535
	2012	470,625	146,236	146,236	249,385	n/a	n/a	95,233	1,107,715
	2011	359,006	92,690	92,690	145,775	n/a	n/a	175,837	865,998

(1) Salary information shown is based on actual salaries paid in 2013.

(2) This refers to the grant of PSUs. 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 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 multiplied by the PSU value, using the following PSU values for the regular annual grant:

Assumptions	2013	2012	2011
	Grant Value	Grant Value	Grant Value
Expected term in years	3	3	3
Expected volatility	32.58%	37.03%	41.74%
Risk free interest rate	2.00%	2.00%	3.25%
Expected dividend yield	2.11%	2.38%	2.34%
Performance discount at target relative to payout schedule	85.00%	85.00%	85.00%
Share price at grant*	\$22.29	\$25.49	\$28.29
PSU value*	\$18.94	\$21.67	\$24.05

*An off-cycle grant was granted to Mr. Thomson upon his appointment as CEO in June. All grant values and assumptions remained the same other than the share price at the grant date, which was \$22.00 (leading to a PSU value of \$18.70).

- (3) This refers to the grant of stock options. The grant price is the fair market value on the day prior to the grant day. 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 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 for the regular annual grant:

Assumptions	2013	2012	2011
	Grant Value	Grant Value	Grant Value
Expected option term in years	7	7	7
Expected volatility	32.58%	37.03%	41.74%
Expected dividend yield	2.11%	2.38%	2.34%
Risk free interest rate	2.00%	2.00%	3.25%
Exercise price*	\$22.29	\$25.49	\$28.29
Option value*	\$ 6.36	\$ 7.93	\$10.52

*An off-cycle grant was granted to Mr. Thomson upon his appointment as CEO in June and to Mr. Villegas upon the addition of the role of President, Finning (Canada). All grant values and assumptions remained the same other than the share price at the grant date, which was \$22.00 for Mr. Thomson's grant (leading to an option value of \$6.28) and \$26.02 for Mr. Villegas' grant (leading to an option value of \$7.43).

- (4) 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.
- (5) This includes all perquisites (e.g. car allowance, car benefits, tax return preparation, executive medical examinations and life insurance) and other executive benefits.
- (6) Mr. Villegas received an additional grant of DSUs in 2013, shown under the "Non-Equity Incentive Plan Compensation" column for "Long-Term Incentive Plans". He also received \$180,000 in housing allowance in 2013 as part of his expatriate assignment in Canada, shown under the "All Other Compensation" column. In 2012, Mr. Villegas received \$62,500 for relocation costs and \$105,000 in housing allowance as part of his expatriate assignment in Canada. Also, prior to his move to Canada in 2012, Mr. Villegas elected to receive an early withdrawal from his Chilean indemnity plan. For Mr. Villegas' service in South America prior to becoming COO in 2012, amounts were converted from Chilean pesos based on the following average annual exchange rates: 2012: 1 CLP = 0.002055 CAD; and 2011: 1 CLP = 0.002047 CAD.
- (7) Amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2013: 1 CLP = 0.002083 CAD; 2012: 1 CLP = 0.002055 CAD; and 2011: 1 CLP = 0.002047 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, 2013.

Name	Option-based Awards					Share-based Awards		
	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 at target that have not Vested (#)	Market or Payout Value of Share Awards at target that have not Vested ⁽³⁾ (\$)	Market or Payout Value of Vested Share Awards not paid out or distributed ⁽⁴⁾ (\$)
L. Scott Thomson	382,170	June 17/13	22.00	June 17/20	1,968,176	128,320	3,483,888	–
Michael T. Waites	162,250	May 15/12	25.49	June 17/16	269,335	59,360	1,611,624	–
	81,990	May 18/11	28.29	June 17/16	–	–	–	–
	100,640	May 20/10	17.43	June 17/16	978,221	–	–	–
	151,240	May 22/09	14.64	May 22/16	1,892,012	–	–	–
	291,700	May 16/08	29.83	May 16/15	–	–	–	–
	65,600	May 16/07	31.67	May 16/14	–	–	–	–
	–	Prior to 2006	–	–	–	–	–	326,289
David S. Smith	48,320	May 15/13	22.29	May 15/20	234,835	16,220	440,373	–
	30,050	May 15/12	25.49	May 15/19	49,883	11,000	298,650	–
	16,080	May 18/11	28.29	May 18/18	–	–	–	–
	27,330	May 20/10	17.43	May 20/17	265,648	–	–	–
	16,047	May 22/09	14.64	May 22/16	200,748	–	–	–
Juan Carlos Villegas	175,000	Nov 20/13	26.02	Nov 20/20	197,750	–	–	–
	–	Sept 13/13	–	–	–	9,043	245,517	–
	72,120	May 15/13	22.29	May 15/20	350,503	24,220	657,573	–
	18,840	Aug 14/12	24.50	Aug 14/19	49,926	23,955 ⁽⁵⁾	650,378	117,397
	30,050	May 15/12	25.49	May 15/19	49,883	11,000	298,650	–
	16,080	May 18/11	28.29	May 18/18	–	–	–	–
	34,160	May 20/10	17.43	May 20/17	332,035	–	–	–
	48,145	May 22/09	14.64	May 22/16	602,294	–	–	–
	92,100	May 16/08	29.83	May 16/15	–	–	–	–
	72,000	May 16/07	31.67	May 16/14	–	–	–	–
	–	Prior to 2006	–	–	–	–	–	1,337,409
Andrew S. Fraser	36,270	May 15/13	22.29	May 15/20	176,272	12,180	330,687	–
	30,050	May 15/12	25.49	May 15/19	49,883	11,000	298,650	–
	16,080	May 18/11	28.29	May 18/18	–	–	–	–
	9,110	May 20/10	17.43	May 20/17	88,549	–	–	–
	67,000	May 16/08	29.83	May 16/15	–	–	–	–
	72,000	May 16/07	31.67	May 16/14	–	–	–	–
	–	Prior to 2006	–	–	–	–	–	1,458,797
Marcello Marchese	39,130	May 15/13	22.29	May 15/20	190,172	13,140	356,751	–
	7,330	Aug 14/12	24.50	Aug 14/19	19,425	2,680	72,762	–
	11,400	May 15/12	25.49	May 15/19	18,924	4,180	113,487	–
	8,810	May 18/11	28.29	May 18/18	–	–	–	–
	12,120	May 20/10	17.43	May 20/17	117,806	–	–	–
	15,560	May 22/09	14.64	May 22/16	194,656	–	–	–
	34,200	May 16/08	29.83	May 16/15	–	–	–	–
	23,000	May 16/07	31.67	May 16/14	–	–	–	–

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

(2) The value of Unexercised In-the-Money Options was calculated using a Common Share value of \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013. 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 these share-based awards (PSUs primarily, other than as noted in footnote (5) below) was calculated using a Common Share value of \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013. 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 these share based awards (DSUs only) was calculated using a Common Share value of \$27.15, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2013. 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."

(5) The number of units shown for Mr. Villegas includes both PSUs and DSUs. PSUs vest as noted in footnote (3) above. Mr. Villegas' DSUs granted in 2012 vest equally over a five-year period and the DSUs granted in 2013 vest two years from the date of grant.

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, 2013 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 (\$)
L. Scott Thomson	–	–	–	294,185
Michael T. Waites	183,167	–	1,600,619	252,694
David S. Smith	62,173	188,366	313,873	165,267
Juan Carlos Villegas	49,741	–	313,873	359,100
Andrew S. Fraser	49,741	–	313,873	199,372
Marcello Marchese	22,058	55,905	171,894	177,839 ⁽³⁾

(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 2011 vested on December 31, 2013 and were paid in cash; 3-year average ROE of 21.2% was achieved, which resulted in 180.8% vesting of the grant.

(3) Converted from Chilean Pesos based on average 2013 exchange rate (1 CLP = 0.002083 CAD).

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

Type of Termination or Change in Control	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension/Other
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 Unvested DSUs are cancelled	None	No longer earns credited service Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout ⁽¹⁾
Retirement	None	Current year's incentive is prorated to retirement date	Vested stock options must be exercised within three years of retirement or by the end of the original term, whichever is sooner; unvested options continue to vest within this period and are available for exercise Vested PSUs are payable; unvested PSUs are eligible to vest according to plan terms and are prorated to retirement date Unvested DSUs are cancelled	Post-retirement benefits are provided for five years or to the age of 65, whichever is sooner	No longer earns credited service Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout ⁽¹⁾

Type of Termination or Change in Control	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension/Other
Termination (involuntary, not for cause)	<p>Base salary is paid out in a lump sum:</p> <ul style="list-style-type: none"> • CEO: 24 months • COO: 18 months • CFO: One year • Other NEOs: No other agreements in place 	<p>CEO: 24 months of the lesser of either target STIP or the average of STIP received in the previous two years</p> <p>COO: 18 months of the lesser of either target STIP or the average of STIP received in the previous two years</p> <p>CFO: One year of target incentive</p> <p>Other NEOs: No other agreements in place</p>	<p>All NEOs: Vested stock options must be exercised within 30 days of termination or by the end of the original term, whichever is sooner</p> <p>Unvested PSUs are cancelled</p> <p>COO: 50% of unvested DSUs will vest.</p> <p>Stock options granted in November 2013 will follow the same vesting pattern as if it were a retirement.</p>	<p>If eligible for retirement, post-retirement benefits are provided for five years or to the age of 65, whichever is sooner</p>	<p>No longer earns credited service</p> <p>Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout⁽¹⁾</p>
Change in control ⁽²⁾	<p>CEO: consistent terms to that of involuntary termination if termination for “Good Reason” occurs within 12 months from the date of change in control.⁽³⁾</p> <p>Other NEOs: No specific change in control agreements are in place.</p>	<p>CEO: consistent terms to that of involuntary termination if termination for “Good Reason” occurs within 12 months from the date of change in control.</p> <p>Other NEOs: No specific change in control agreements are in place.</p>	<p>In the absence of any surviving corporation’s assumption of outstanding awards made under the various plans, the following terms apply:</p> <p>50% of unvested options are exercisable; remaining unvested options are cancelled</p> <p>50% of all unvested DSUs are exercisable; remaining unvested DSUs are cancelled</p> <p>Unvested PSUs may be deemed to be vested at the discretion of the Human Resources Committee and redeemed</p>	None	None

(1) Chilean Finning executives are eligible for an indemnity plan that will pay a benefit upon dismissal. For certain executives, the benefit is also payable upon resignation or retirement, as is the case for Mr. Villegas and Mr. Marchese. The benefit is typically payable in a lump sum, and is based on one month of salary per year of service. Certain limits may apply and early partial payouts are possible in some circumstances. Mr. Villegas and Mr. Marchese are eligible for this benefit as a result of their roles at Finning South America. For Mr. Villegas, the applicable salary rate will be the rate he was earning immediately prior to his relocation from South America to Canada.

(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.

(3) “Good Reason” means any action by the Company after a change in control that, without the Executive’s consent (which the Executive must not withhold unreasonably), results in:

- (a) a material change in the Executive’s status, duties, position, or responsibilities;
- (b) a material reduction in the Executive’s Base Salary or benefits entitlements (other than STIP and LTIP);
- (c) a requirement that the Executive’s primary work location be more than 50 kilometres away from the Executive’s present work location; or
- (d) any reason amounting to constructive dismissal under the laws of British Columbia.

The table below shows the amounts that would have been paid if any of the NEOs had been involuntarily terminated without cause and/or impacted by a change of control, assuming target achievement of STIP:

Name and Principal Position	Type of Event	Base Salary (\$)	Target Short-Term Incentive Plan (\$)	Long-Term Incentive Plan (\$)	Other (\$)	Total (\$)
L. Scott Thomson, President and Chief Executive Officer	Termination	1,800,000	1,800,000	n/a	n/a	3,600,000
	Change in Control ⁽¹⁾	n/a	n/a	984,088 ⁽²⁾	n/a	984,088
David S. Smith, Executive Vice President and Chief Financial Officer	Termination	476,000	285,600	n/a	n/a	761,600
	Change in Control ⁽¹⁾	n/a	n/a	134,045 ⁽²⁾	n/a	134,045
Juan Carlos Villegas, President, Finning (Canada) and Chief Operating Officer, Finning International Inc.	Termination	1,125,000	900,000	354,413	315,023 ⁽³⁾	2,694,436
	Change in Control ⁽¹⁾	n/a	n/a	694,768 ⁽²⁾	n/a	694,768
Andrew S. Fraser, Executive Vice President, Customer and External Relations ⁽⁴⁾	Termination	n/a	n/a	n/a	n/a	n/a
	Change in Control ⁽¹⁾	n/a	n/a	104,764 ⁽²⁾	n/a	104,764
Marcello Marchese, President, Finning South America ⁽⁵⁾	Termination	n/a	n/a	n/a	682,997 ⁽³⁾	682,997
	Change in Control ⁽¹⁾	n/a	n/a	107,869 ⁽²⁾	n/a	107,869

(1) 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. Payout amounts will only apply in the absence of any surviving corporation's assumption of outstanding awards made under the Stock Option, DSU, and PSU plans.

(2) This payout occurs only if the surviving entity of a merger, consolidation or amalgamation does not assume the Company's outstanding LTIP awards. In this case, 50% of unvested options are exercisable; remaining unvested options are cancelled. 50% of all unvested DSUs are exercisable; remaining unvested DSUs are cancelled. Unvested PSUs may be deemed to be vested at the discretion of the Human Resources Committee and redeemed. Given this, the figures presented in this table include the values for options and DSUs only.

(3) This amount reflects the estimated balance remaining in the Chilean indemnity plan.

(4) No formal termination agreement terms are outlined in the employment contract for Mr. Fraser.

(5) No formal termination agreement terms are outlined in the employment contract for Mr. Marchese, other than his benefit under the Chilean indemnity plan.

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 appropriate region where the executive is based.

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

In the U.K., commencing in April 2012, new service accruals in the defined benefit plan, entitled the Finning Pension Scheme, ceased for all UK employees including senior executives. Commencing in April 2012, current and new senior executives in the U.K. began participating in a defined contribution arrangement (UK Executive DC Plan).

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 – DB Provisions) (the “Canadian Executive DB Plan”) and an executive supplementary income plan (SIP). Commencing January 1, 2010, the Canadian Executive DB 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 entitled the Finning International Inc. Retirement Plan (Executive Group – DC Provisions) (the “Canadian Executive DC Plan”) and an associated supplementary accumulation plan (SAP).

During 2013, four of the current NEOs who are based in Canada participated in the Canadian plans. Two of the four participated in the Canadian Executive DB Plan, as did Mr. Waites, former CEO, who retired in June 2013, and the other two participated in the Canadian Executive DC Plan. The remaining Named Executive Officer, who is based in South America, did not participate in a company pension plan since no such plan exists in that region and no information for him is included in the tables that follow. The respective plans and benefits earned under the plans are described below.

EXECUTIVE DC PENSION PLANS

Canadian Plans

Finning's contributions in respect of executives under the Canadian Executive DC Plan are at a rate of 12% of base salary plus bonus under the short-term incentive plan, 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 the unfunded SAP. The executive makes an election as to how the funds will be invested from a range of available investment options under the Canadian Executive DC Plan. Notional contributions under the SAP are credited with interest based on a long term Government of Canada bond yield plus 2%.

UK Plan

Finning's contributions in respect of executives under the UK Executive DC Plan are at a rate of 16% of base salary. Executives are required to contribute 5% of pay. The executive makes an election as to how the funds will be invested from a range of available investment options under the UK Executive DC Plan. Currently, no NEOs are based in the UK and therefore, no NEOs participate in this plan.

Defined Contribution Pension Plan Table

The accumulated value at the start and end of the year, as well as compensatory amounts earned during the year for each of Finning's NEOs participating in an Executive DC Plan during the year, are provided in the following table:

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Accumulated Value at Year End (\$)
L. Scott Thomson ⁽¹⁾	0	56,077	59,155
Juan Carlos Villegas ⁽²⁾	47,675	139,666	194,651

(1) Mr. Thomson commenced participation in the Canadian Executive DC Plan in June 2013.

(2) Mr. Villegas commenced participation in the Canadian Executive DC Plan in June 2012, upon his appointment as COO and relocation to Canada. Prior to that time, he did not participate in any Finning pension plan. However, between 2010 and June 2012, Mr. Villegas received a "Depositos Convenidos" or "Agreed Deposit" arrangement in Chile, intended to assist him in respect of retirement savings. These amounts are reported as "Other Compensation" in the compensation tables.

EXECUTIVE DB PENSION PLANS

Canadian Plans

Participants in the Canadian Executive DB Plan and the SIP are not required to make any contributions to either plan. The SIP is generally intended to 'top up' an executive's pension that is capped under the Canadian Executive DB Plan due to statutory limits. Any exceptions to this are noted below.

Under the terms of these plans, 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 NEOs, only Mr. Waites, Finning's former CEO was entitled to an additional supplement to his pension payable from the SIP as described below.

UK Plan

As noted above, commencing in April 2012, new service accruals in the UK Executive DB Plan ceased. Pensions earned prior to that time are frozen, and will be indexed to an inflationary measure thereafter, prior to, and after, retirement.

Prior to April 2012, participants in the plan contributed 12% of earnings, and received a pension determined as 2% of a participant's final pensionable salary multiplied by the total number of years of credited service. Final pensionable salary generally was the rate of base salary as at the previous April 6 (the end of the tax year). Pensions are unreduced at age 60 (or age 55 for service prior to December 31, 2002).

Currently, no NEOs are based in the UK and therefore, no NEOs participate in this plan.

Defined Benefit Pension Plan Table

The number of credited years of service at December 31, 2013, the estimated annual pension benefits payable and the estimated value of the accrued obligation at the end of both 2012 and 2013 (including a broad reconciliation over the year) for each of Finning's NEOs participating in an Executive DB Plan are provided in the following table:

Name (a)	No. of Years Credited Service (#) (b)	Annual Benefits Payable ⁽¹⁾ (\$)		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⁾	7.1	335,500	n/a	5,052,000	387,000	(95,000)	5,344,000
David S. Smith	4.8	57,800	175,300	723,000	188,000	(33,000)	878,000
Andrew S. Fraser ⁽⁴⁾	14.5	169,600	399,600	3,000,000	367,000	(187,000)	3,180,000

(1) Annual benefits payable are determined using the plan formula. The estimate of annual benefits payable at year end represents 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 earned during the current year 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 2013 changed from those used for 2012 in order to conform to accounting standards set out by IFRS, resulting in decreases in the obligations shown in this table. The key assumption change that resulted in the Non-Compensatory decreases was the corporate bond yield discount rate, which increased over the year.

(3) Mr. Waites retired in June, 2013. He had accrued 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 attained age 60 (2013). This additional service was conditional upon his remaining with Finning for at least six years (until April 30, 2012). His Credited Service shown in column (b) includes his service with Finning to his retirement date, and the Annual Benefits Payable include the additional seven years of service that was granted based on his actual service. He received his first monthly pension payment based on the amount shown in July 2013.

(4) Mr. Fraser joined the SIP prior to August 2, 2004, and therefore is entitled to up to an additional 2-1/2 years of Credited Service if he remains 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. The Annual Benefits Payable at age 65, as shown in column (c2), includes the additional 2-1/2 years, on the assumption that the individual remains with Finning beyond age 60 at Finning's request.

CONCLUSION

The Human Resources Committee carefully considered the overall stewardship and governance implications of the 2013 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.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

Finning does not, as a general rule, provide loans to its directors and officers. As of February 28, 2014, there were no loans made or outstanding to any director or officer or former director or officer of the Corporation or any of its subsidiaries. Should any loan be made to a director of the Corporation, or any subsidiary of the Corporation, such loan would require the prior approval of the Board of Directors.

Finning does, from time to time, provide loans to its employees that are routine indebtedness.

APPROVAL OF THIS CIRCULAR

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

Dated as of March 18, 2014.



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 18, 2014:

- (a) 5,417,697 options were issued and outstanding under the Option Plan (representing 3.15% of the total number of issued and outstanding shares as of such date);
- (b) 1,055,109 Common Shares (representing 0.61% of the total number of issued and outstanding shares as of such date) remain available for future issuance under the Option Plan; and
- (c) 997,194 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 12, 2013 to March 18, 2014, under our 2005 Stock Option Plan.

	As at March 12, 2013		Activity			As at March 18, 2014	
	# 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
2005 Stock Option Plan							
Shares issued on exercise of options	833,415	0.48%			163,779	997,194	0.58%
Options granted and outstanding	4,788,563	2.78%	1,536,900	(743,987)	(163,779)	5,417,697	3.15%
Options available for future grants	1,848,022	1.07%	(1,536,900)	743,987		1,055,109	0.61%
Total:	7,470,000	4.33%				7,470,000	4.34%

(1) Options granted to senior executives in 2013 represent 0.89% of the issued and outstanding Common Shares of Finning, as at March 18, 2014.

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.

SCHEDULE B

NATIONAL INSTRUMENT 58-101

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

PRACTICE	FINNING
1. Board of Directors	
(a) Disclose the identity of directors who are independent.	All directors of Finning are independent, other than L. Scott Thomson.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	L. Scott Thomson is the current President and Chief Executive Officer of Finning. Mr. Thomson 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.	10 of the 11 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 its non-executive director, L. Scott Thomson. Where matters directly involving L. Scott Thomson (such as compensation issues) are being discussed, L. Scott Thomson is also 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 <i>Governance Section – Corporate Governance (Corporate Governance Policies)</i> . The Board has also 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 <i>Governance Section – Corporate Governance (Corporate Governance Policies)</i> .
(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 25.
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 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 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 31.
(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 31.
(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 31.
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 Audit Committee of the Board. If any significant violation is reported, the Audit Committee Chair would report 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 material violations of the Code in 2013 that would require the filing of a material change report.
(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. A Global Anti-Bribery and Anti-Corruption Policy was adopted in 2013.
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 29 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 40.
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 47 and in the executive compensation discussion and analysis starting on page 52.
(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 38.
(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.	<p>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 39.</p> <p>The Corporate Governance Committee retained Consultants in 2012 to assist in determining compensation for Finning's independent directors. This is described in Director Compensation – Evaluating the Program on page 45. No compensation advisor was retained in 2013 for director compensation.</p>
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, a Safety, Environment & Social Responsibility Committee and a Pension Committee. The mandates of these committees are described on pages 40, 41, and 43, 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 committee Chairs and Board committees, the Chairman, Lead Director and each individual director. The process involves, among other things, asking each director to complete detailed evaluation questionnaires. The survey also includes executive management's input and perspective in relevant sections of the survey. Ultimately, the Committee makes recommendations to the full Board regarding any changes and improvements it determines to be necessary. Details on assessments undertaken in 2013 are described on page 31.

SCHEDULE C

FINNING INTERNATIONAL INC.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

- A. The primary responsibility of the Board is to foster the long-term success of the Corporation consistent with its fiduciary responsibility to the shareholders to maximize shareholder value and provide strategic oversight.
- B. The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining director compensation.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for director are initially considered and recommended by the Corporate Governance Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- B. A majority of directors comprising the Board must qualify as independent directors.
- C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

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

- i) planning its composition and size;
- ii) selecting and setting the terms of reference for the Board Chair;
- iii) nominating candidates for election to the Board;
- iv) appointing committees;
- v) determining director compensation;
- vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities;
- vii) approving any recommended changes to the terms of reference for the Board, the Board Chair, the Lead Director, an individual director, the President & Chief Executive Officer, Board committees and the Guidelines for the Board of Directors;
- viii) setting annual board objectives; and
- ix) facilitating annual site visits to country operations.

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 the Leadership Team, defined as all Executive Management directly reporting to the CEO, the country operational Presidents and any other employees of the Corporation as designated by the CEO; and
- vi) for ensuring that plans have been made for management succession including appointing, training and monitoring senior management.

C. Monitoring and Acting

The Board has the responsibility:

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

D. Planning and Strategy Determination

The Board has the responsibility:

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

E. Policies and Procedures

The Board has the responsibility:

- i) for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
- ii) for approving any recommended changes to the written Code of Conduct and a Code of Ethics for Senior Management and Financial Officers;
- iii) for approving and properly disclosing any waivers to the Code of Conduct and the Code of Ethics for Senior Management and Financial Officers; and
- iv) for ensuring systems are in place which are designed to ensure that the Corporation operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

F. Financial and Corporate Issues

The Board has the responsibility:

- i) with consideration to the recommendation of the Audit Committee, for nominating an External Auditor for approval by shareholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;
- ii) with consideration to the recommendation of the Audit Committee, for approving the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;
- iii) for taking reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- iv) for reviewing operating and financial performance relative to budgets or objectives;
- v) for approving annual and quarterly financial statements and approve release thereof by management;
- vi) for approving the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein; and
- vii) for approving the commencement or settlement of litigation that may have a material impact on the Corporation.

G. Reporting to Stakeholders

- i) The Board has the responsibility to periodically review its communications policies for the Corporation.
- ii) The Board has the responsibility to direct management:
 - a) to ensure that the Corporation maintains effective, productive and appropriate reporting and communications links with Caterpillar;
 - b) to ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
 - c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
 - d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
 - e) to report annually to shareholders on its stewardship for the preceding year (annual reports); and
 - f) to ensure that the Corporation has systems in place which accommodate feedback from stakeholders.

IV. LEGAL REQUIREMENTS

- A. The Board is responsible for taking all reasonable steps to ensure that legal requirements have been met, annual shareholder meetings held, and documents and records have been properly prepared, approved and maintained.
- B. Canadian law, the jurisdiction of incorporation of the Corporation, identifies the following as legal requirements for the Board:
 - i) to manage, or supervise the management of, the business and affairs of the Corporation;
 - ii) to act honestly and in good faith with a view to the best interests of the Corporation;
 - iii) to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances;
 - iv) to act in accordance with its obligations contained in the Canada Business Corporations Act, the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and the Corporation's articles and By-laws; and
 - v) in particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a Committee:
 - a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - b) the filling of a vacancy among the directors or in the office of the External Auditor;
 - c) the manner and the term for the issuance of securities;
 - d) the declaration of dividends;
 - e) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - g) the approval of Management Proxy Circulars;
 - h) the approval of any Take-over Bid Circular or Directors' Circular;
 - i) the approval of the financial statements of the Corporation; and
 - j) the adoption, amendment or repeal of By-laws of the Corporation.

SCHEDULE D

FINNING INTERNATIONAL INC. MAJORITY VOTING POLICY

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

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

Any nominee who is considered under the above test not to have the support of the shareholders will forthwith 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.

SCHEDULE E

FINNING INTERNATIONAL INC. ADVANCE NOTICE BY-LAW

PURPOSE

The purpose of this Advance Notice By-law (By-law) is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

NOMINATIONS OF DIRECTORS

- I. Nomination procedures – Subject to the *Canada Business Corporations Act* (Act) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (Board) may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:
 - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (Nominating Shareholder):
 - i. who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - ii. who complies with the notice procedures set forth below in this By-law.
2. Timely notice – In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation.
3. Manner of timely notice - To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (Notice Date) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date;
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made; and
 - (c) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
4. Proper form of timely notice - To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - i. the name, age, business address and residential address of the person;
 - ii. the principal occupation or employment of the person, both present and within the five years preceding the notice;
 - iii. whether the person is a resident of Canada within the meaning of the Act;
 - iv. the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - v. any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
 - (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. Eligibility for nomination as a director - No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. Terms – For purposes of this By-law:
 - (a) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
7. Delivery of notice – Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day in the Province of British Columbia or later than 5:00 p.m. (Vancouver time) on a day which is a business day in the Province of British Columbia, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day in the Province of British Columbia.
8. Board Discretion – Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.
9. Effective Date – This By-law shall come into force when made by the Board in accordance with the Act.

ENACTED by the Board the 19th day of February 2014.

2014 MANAGEMENT PROXY CIRCULAR

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