

HOME CAPITAL GROUP INC.

MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

This Management Information Circular is furnished in connection with the solicitation of proxies by the Management of HOME CAPITAL GROUP INC. (the “Corporation”) for use at the annual and special meeting (the “Meeting”) of the shareholders of the Corporation to be held at the Design Exchange, Trading Floor, Second Floor, 234 Bay Street, Toronto, Ontario, on Wednesday, the 6th day of June, 2001, at the hour of 11:00 o’clock in the forenoon (Toronto time), for the purposes set out in the notice of meeting accompanying this Management Information Circular. This solicitation is made by the Management of the Corporation. It is expected that the solicitation of proxies will be primarily by mail. Proxies also may be solicited personally or by telephone by employees, officers and directors of the Corporation. The cost of solicitation will be borne by the Corporation. Except as otherwise stated, the information contained herein is given as of April 10, 2001.

The form of proxy forwarded to shareholders with the notice of meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or other matters which may properly come before the meeting.

The form of proxy affords the shareholder an opportunity to specify that the shares registered in the shareholder’s name shall be voted or withheld from voting in respect of the election of directors, the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors, and voted for or against the authorization to increase the number of shares issued pursuant to the Employee Stock Option Plan.

On any ballot that may be called for, the shares represented by proxies in favour of management nominees will be voted or withheld from voting in respect of the election of directors, the appointment of auditors, and the authorization of the directors to fix the remuneration of the auditors, and voted for or against the authorization to increase the number of shares issuable pursuant to the Employee Stock Option Plan, in accordance with the specification made by shareholders in the manner referred to above.

In respect of proxies in which the shareholders have not specified that the proxy nominees are required to vote or withhold from voting in respect of the election of directors, the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors, or to vote for or against the authorization to increase the number of shares issued pursuant to the Employee Stock Option Plan, the shares represented by proxies in favour of management nominees will be voted for the election of directors, the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors and for the authorization to issue the number of shares issuable pursuant to the Employee Stock Option Plan.

Management knows of no matters to come before the meeting other than the matters referred to in the foregoing notice of meeting. However, if any other matters which are not now known to Management should properly come before the meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

To be used at the meeting, a shareholder's proxy must be deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof. Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited in the same manner as that for proxies.

VOTING SHARES

The authorized capital of the Corporation consists of an unlimited number of Senior Preferred Shares; an unlimited number of Junior Preferred Shares; an unlimited number of Class C non-voting shares; an unlimited number of Class B subordinate voting shares ("Class B Shares"); and an unlimited number of convertible Class A shares ("Class A Shares"). As at April 10, 2001 11,774,895 Class B Shares and 3,025,000 Class A Shares were issued and outstanding. No Senior Preferred Shares, Junior Preferred Shares or Class C non-voting shares were issued or outstanding. Each Class A Share carries five votes per share and each Class B Share carries one vote per share in respect of each matter to be voted on at the meeting. The Senior Preferred Shares, Junior Preferred Shares and Class C non-voting shares carry no votes in respect of matters to be voted upon at the meeting except where otherwise required by law. Holders of outstanding Class B Shares and Class A Shares of record at the close of business on April 26, 2001 are entitled to vote at the meeting except to the extent that a person has transferred the ownership of any of such shares after that date and the transferee of such shares establishes proper ownership and requests not later than ten days before the meeting that the transferee's name be included in the list of shareholders, in which case the transferee will be entitled to vote such shares at the meeting.

CERTAIN RIGHTS OF THE CORPORATION'S RESTRICTED VOTING SHARES

The following is a summary of the rights attaching to the Corporation's Class B Shares and Class C non-voting shares, in the event that a take-over bid is made for securities of the Corporation having superior voting rights or voting rights, respectively.

If a take-over bid (as defined in the articles of the Corporation substantially in the same way as defined in the *Securities Act* (Ontario)) is made to holders of Class A Shares, each Class B Share and each Class C non-voting share (if any are then issued and outstanding) shall become convertible into one Class A Share at the option of the holder thereof at any time during the period of 14 days following the completion of the take-over bid for Class A Shares. However, this conversion right shall not come into effect if:

- (a) an identical offer is made concurrently to purchase Class B Shares and Class C non-voting shares (if any are then issued and outstanding), which offer has no condition attached to it other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the take-over bid for Class A Shares;
- (b) holders of more than 50% of the issued and outstanding Class A Shares deliver a certificate or certificates to the Corporation's transfer agent certifying that such holders will not deposit such Class A Shares under the take-over bid therefor; or
- (c) the take-over bid for Class A Shares is not completed by the offeror.

The articles of the Corporation provide that a holder of Class A Shares is entitled at any time and from time to time to convert all or any part of the Class A Shares held by such holder into Class B Shares on a share-for-share basis, upon irrevocable notice. The articles further provide that a holder of Class B Shares has similar rights respecting the conversion of all or any part of such shares into Class C non-voting shares.

If a take-over bid is made to holders of Class B Shares, each Class C non-voting share (if any are then issued and outstanding) shall become convertible into one Class B Share at the option of the holder thereof at any time during the period commencing two business days prior to the latest time (the "Expiry Time") at which shares can be deposited pursuant to the take-over bid for Class B Shares and ending at the Expiry Time. However, this conversion right shall not come into effect if:

- (a) an identical offer is made concurrently to purchase Class C non-voting shares, which offer has no condition attached to it other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the take-over bid for Class B Shares; or
- (b) holders of Class A Shares and Class B Shares which have attached thereto more than 50% of the votes attached to all shares of the Corporation deliver a certificate or certificates to the Corporation's transfer agent certifying that such holders will not deposit such Class A Shares and Class B Shares pursuant to the take-over bid for the Class B Shares.

In order to exercise the foregoing conversion right, the holder of Class C non-voting shares must concurrently elect (a) to convert into Class C non-voting shares any of the Class B Shares resulting from such conversion which are not taken up and paid for pursuant to the take-over bid for Class B Shares and (b) to accept the take-over bid for the Class B Shares and not to exercise any right of withdrawal under the take-over bid for Class B Shares.

The articles of the Corporation provide for certain procedures to be followed in order to effect a conversion and provide that upon a take-over bid being made for any class of voting securities of the Corporation, the Corporation or its transfer agent shall communicate in writing to the holders of Class B Shares and Class C non-voting shares the full details of the offer and the mode of exercise of any conversion rights.

Holders of Class B Shares and Class C non-voting shares may have additional rights under applicable securities legislation in the event of a take-over bid.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of the directors and officers of the Corporation, no person or corporation beneficially owns or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation other than Gerald M. Soloway, John M. E. Marsh, Kenneth A. Fowler and Roy Cairns.

Gerald M. Soloway, President, Chief Executive Officer and a director of the Corporation, and members of his immediate family and companies they control own 1,041,666c Class A Shares and 230,192b Class B Shares, representing 20.2% of the votes attached to all outstanding shares of the Corporation.

John M. E. Marsh, a director of the Corporation, and companies controlled by Mr. Marsh and his immediate family own 941,666c Class A Shares and 242,033b Class B Shares, representing 18.4% of the votes attached to all outstanding shares of the Corporation.

Kenneth A. Fowler, a director of the Corporation, and companies he controls own 520,833b Class A Shares and 265,694 Class B Shares, representing 10.7% of the votes attached to all outstanding shares of the Corporation.

Roy Cairns and members of his immediate family and companies they control own 520,833b Class A Shares and 478,739 Class B Shares, representing 11.5% of the votes attached to all outstanding shares of the Corporation.

ELECTION OF DIRECTORS

The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the meeting. Each of the persons whose name appears hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that on any ballot that may be called for relating to the election of directors, the shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons as directors of the Corporation unless a shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors. In the event that any vacancies occur in the slate of Management nominees, it is intended that discretionary authority shall be exercised to vote the shares represented by such proxies for the election of such other person or persons as directors in accordance with the best judgment of the Management nominees.

Name and Year First Became Director	Principal Occupation	Positions with the Corporation ^{1, 2}	Number and Class of Securities Beneficially Owned, Directly or Indirectly, or Controlled or Directed ³
Gerald M. Soloway (1986)	President and Chief Executive Officer of the Corporation	Director, President and Chief Executive Officer	1,041,666c Class A Shares 230,192b Class B Shares
John M. E. Marsh (1986)	Corporate Director	Director	941,666c Class A Shares 242,033b Class B Shares
Kenneth A. Fowler (1987)	President, Ken Fowler Enterprises Limited (investment holding company)	Director	520,833b Class A Shares 265,694 Class B Shares
Harvey F. Kolodny (1989)	Professor, Rotman School of Management, University of Toronto (educational institution)	Director	25,000 Class B Shares
John M. Christodoulou (1990)	Chairman & Chief Executive Officer, Guardian Capital Group Ltd. (investment management company)	Director	2,000 Class B Shares
William A. Dimma (1994)	Corporate Director	Chairman of the Board and Director	25,000 Class B Shares
Sheila L. Ross (1999)	Partner, TMP Worldwide Executive Search (international executive search firm)	Director	2,500 Class B Shares
The Hon. William G. Davis (1999)	Counsel at Torys (North American law firm)	Director	NIL

NOTES:

1. The Audit Committee of the Corporation is comprised of Messrs. Christodoulou, Dimma, Davis, Fowler, Kolodny and Ms. Ross, and Dr. Kolodny is the Chairman. The Executive Committee of the Corporation is comprised of Messrs. Davis, Dimma, Fowler, Marsh, and Soloway, and Mr. Soloway is the Chairman. The Human Resources and Nominating Committee is comprised of Messrs. Dimma, Davis, Marsh and Ms. Ross, and Ms. Ross is the Chairman. The Investment Committee is comprised of Messrs. Christodoulou, Kolodny and Soloway, and Dr. Kolodny is the Chairman. In addition, each of Messrs. Dimma, Davis, Fowler, Kolodny, Marsh, and Soloway and Ms. Ross is a director, and Mr. Soloway is the President, of the Corporation's subsidiary, Home Trust Company.
2. All of the nominees to the Board of Directors were elected to their present term of office by a vote of shareholders of the Corporation at a meeting, the notice of which was accompanied by a Management Information Circular.
3. As at April 10, 2001.

EXECUTIVE COMPENSATION

1. Report of Human Resources and Nominating Committee

The Corporation's executive compensation program is administered by the Human Resources and Nominating Committee of the Board of Directors. As part of its mandate, the Human Resources and Nominating Committee has primary responsibility for making recommendations to the Board of Directors with respect to the appointment and remuneration of executive officers of the Corporation. The Human Resources and Nominating

Committee also evaluates the performance of the Corporation's senior executive officers and reviews the design and competitiveness of the Corporation's compensation plan. The Human Resources and Nominating Committee met eleven times during the financial year ended December 31, 2000.

Executive Compensation Program

The Corporation's executive compensation reflects the Corporation's desire to remunerate its executives at a level commensurate with the market rate for executives with similar levels of responsibility. The compensation paid to each executive officer is considered annually and is eligible, in most cases, for additional performance-oriented incentive compensation. Both the annual and the incentive compensation is established upon a consideration of the short-term and the long-term performance of the Corporation and the individual contribution towards that performance made by the executive officer concerned.

Annual Compensation

The compensation for the President and Chief Executive Officer is set annually by the Human Resources and Nominating Committee based on an assessment of a variety of factors, including an awareness of compensation paid to senior executives in comparable positions, and the Chief Executive Officer's performance in relation to achieving organizational goals, establishing and implementing the Corporation's strategic plans, the Corporation's relative financial performance and competitive issues.

Annual salary levels for other executive officers of the Corporation are reviewed annually based on performance, industry compensation levels, the number of employees under direct and indirect supervision and the ability of the Corporation to pay. The recommendations of the Human Resources and Nominating Committee with regard to executive officers are then presented to the Board of Directors for approval prior to implementation.

Incentives Based on Current Results

In most cases, senior managers are eligible for annual incentive awards which are determined by the Human Resources and Nominating Committee with reference to their performances as well as the performance of Corporation as a whole. The recommendations of the Human Resources and Nominating Committee with regard to executive officers are then presented to the Board of Directors for approval prior to implementation.

Stock Options

The Corporation has a stock option plan which is administered by the Human Resources and Nominating Committee. The plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the long term, to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance. The Human Resources and Nominating Committee has the sole discretion to determine the key employees to whom it recommends that grants be made and to determine the terms of the options forming part of such grant.

The Human Resources and Nominating Committee prepares recommendations on the allocation of stock options and presents these recommendations to the Board of Directors for modification or approval. Any grant by and any determination made by the Committee requires confirmation by the Board of Directors.

The foregoing report has been furnished by William A. Dimma, the Hon. William G. Davis, John M. E. Marsh and Sheila Ross.

2. Compensation of Officers

The following table sets forth all annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries for the financial years ended December 31, 2000, 1999 and 1998 in respect of each of the individuals who served as a policy-making executive officer of the Corporation during the year ended December 31, 2000 (the “named executive officers”), and the particulars relating to certain options granted to named executive officers.

Name and Principal Position	Annual Compensation			Other Annual Compensation	Long-Term Compensation Compensation: Awards	All Other Compensation
	Fiscal Year	Salary	Bonus		Securities Under Option Granted	
Gerald M. Soloway President and CEO of Home Capital and President and CEO of Home Trust Company	2000	\$300,000	\$300,000	Nil	Nil	Nil
	1999	\$300,000	\$200,000	Nil	Nil	Nil
	1998	\$300,000	\$140,000	Nil	Nil	Nil
W. Roy Vincent Senior Vice-President and Chief Operating Officer	2000	\$155,564	\$85,000	Nil	Nil	Nil
	1999	\$147,179	\$75,000	Nil	12,500 @ \$4.34 each	Nil
	1998	\$145,531	\$60,000	Nil	Nil	Nil

3. Management Incentive Plans and Other Arrangements

Employee Stock Option Plan

The Corporation’s Employee Stock Option Plan (the “Plan”) was approved by the shareholders of the Corporation on December 15, 1986. The Plan was amended effective December 31, 1995 to conform with the Toronto Stock Exchange’s (the “TSE”) Revised Policy on Listed Company Share Incentive Arrangements. The Plan, as amended, provides for the granting to certain directors, officers and other employees of the Corporation and its subsidiaries of non-assignable options to purchase shares. The maximum number of Class B Shares that may be issued under the Plan as amended is currently 1,151,450 representing approximately 10% of the aggregate number of Class A Shares and Class B Shares, respectively, which were issued and outstanding as of October 22, 1997. The exercise price of the options shall be fixed by the Board of Directors at the time of issuance at the “market price” of such shares subject to all applicable regulatory requirements. The “market price” per share at any date shall not be less than the weighted average price at which the Class B Shares of the Corporation have traded on the TSE (or, if the Class B Shares are not then listed and posted for trading on the TSE, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for

such purpose by the Board) during the two trading days immediately preceding the date on which the options were approved by the Board. The period of exercise of any option will not extend beyond a period of ten years from the date of grant of the option. The period within which an option or portion thereof may be exercised by a participant will be determined in each case by the Board.

The TSE did not require the Corporation to obtain shareholder approval to amend the Plan in 1995. The shareholders of the Corporation will be asked at the Meeting to approve a resolution to authorize the issuance of additional options under the Plan; see “Amendment to the Corporation’s Employee Stock Option Plan”, below.

During 2000, 10,000 options were awarded to directors, with an average exercise price of \$3.80. As at April 10, 2001, the directors, officers and other employees of the Corporation held options to purchase a total of 889,000 Class B Shares.

During 2000, two directors exercised options to purchase an aggregate of 75,000 Class B Shares having a net value (market value at the date of exercise less exercise price) of \$270,750.

As at April 10, 2001, the following directors held options to purchase Class B Shares in the amount indicated following their respective names: John M. Christodoulou, 15,000; The Hon. William G. Davis, 15,000; William A. Dimma, 12,500; Kenneth A. Fowler, 15,000; Harvey F. Kolodny, 25,000; John M. E. Marsh, 15,000; Sheila L. Ross, 25,000; and Gerald M. Soloway, 250,000.

In 2000, no options to purchase Class B Shares were issued to the named executive officers of the Corporation.

The following table sets forth details concerning options exercised pursuant to the Plan by the named executive officers and the financial year and value of outstanding options issued pursuant to the Plan.

**OPTIONS EXERCISED DURING THE MOST RECENTLY
COMPLETED FINANCIAL YEAR**

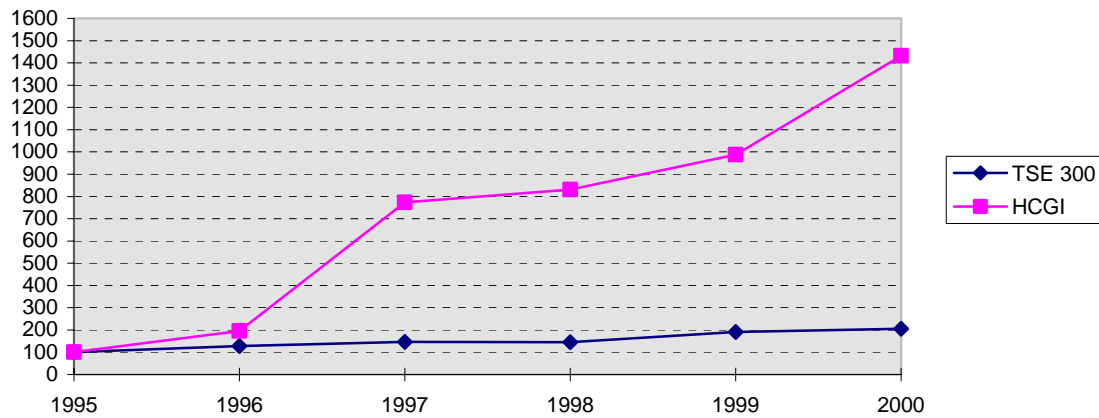
Name	Securities Acquired on Exercise	Aggregate value Realized (\$)	Unexercised Options at FY-end (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at FY-end (\$) Exercisable/ Unexercisable ⁽¹⁾
Gerald M. Soloway President and CEO of Home Capital and President and CEO of Home Trust Company	Nil	Nil	250,000/0	814,750/0
W. Roy Vincent Senior Vice-President Chief Operating Officer	40,000	136,000	112,500/0	354,500/0

¹ Calculated using the closing price for the Class B Shares on the TSE on December 31, 2000, less the exercise price of the options.

4. Performance Graph

The following graph shows changes over the past five-year period in the value of \$100 invested in: (1) the Corporation's Class B Shares and (2) the TSE 300 Total Return Index as of December 31, 2000.

**Five-Year Cumulative Total Return on \$100 Investment December 31,
1995 - December 31, 2000**



	1995	1996	1997	1998	1999	2000	Compound Annual Growth
TSE 300	100	128.35	147.57	145.23	191.29	205.46	17.50%
HCGI	100	195.23	773.80	830.95	986.90	1432.14	69.64%

TSE Trading Symbol HCG.B

5. Compensation of Directors

Each outside director of the Corporation and its subsidiaries is entitled to be paid \$12,000 per annum for such individual's services as a director. The aggregate cash compensation paid by the Corporation and its subsidiaries during the year ended December 1, 2000 to the directors of the Corporation and its subsidiaries in their capacity as directors was approximately \$115,000. The directors' remuneration is paid quarterly in arrears. Each of the directors of the Corporation and its subsidiaries is entitled to be reimbursed for any out-of-pocket expenses incurred in connection with their attendance at meetings of the Board of Directors or any committees thereof; and each outside director is entitled to a fee of \$1,000 for each of the quarterly meetings of the Board of Directors and annual meeting of shareholders that they attend. In addition, directors of the Corporation are eligible to participate in the Corporation's stock option plan, particulars of which are set out above and, commencing in 1999, upon retirement and after five years of service, outside directors are entitled to an amount equivalent to one year's basic directors' fees.

Dr. Harvey Kolodny, a director of the Corporation and of its subsidiary Home Trust Company, was also paid \$2,000 per month principally to serve as Chairman of the Audit Committee of Home Trust Company. Mr. William A. Dimma, a director and the Chairman of the Board of the Corporation, was also paid \$2,000 per month in connection with his services as Chairman of the Board of the Corporation. The Hon. William G. Davis, a director and the Chairman of the Board of the Corporation's subsidiary, Home Trust Company, was paid \$2,000 per month in connection with his services as Chairman of the Board of the subsidiary.

6. **Indebtedness of Directors and Officers**

The following table sets forth indebtedness incurred by directors, executive officers, and senior officers of the Corporation and their associates:

Name and Principal Position	Involvement of the Corporation or Subsidiary	Largest Amount Outstanding During Year Ended December 31, 2000	Amount Outstanding as at March 9, 2001
Cathy Sutherland, Treasurer	Lender	\$64,374.95	\$55,238.64

In 1990, Home Trust Company made a mortgage loan to Mrs. Sutherland secured by a first charge against her principal residence in Welland, Ontario. The mortgage bears interest at a rate of 4.0% per annum and matures February, 2002.

7. **Directors' and Officers' Insurance**

Directors' and officers' liability insurance has been purchased by the Corporation for the benefit of the directors and officers of the Corporation and its subsidiaries. For the fiscal year ended December 31, 2000 the premium for such insurance was \$25,920 which was paid by the Corporation and its subsidiaries. The aggregate insurance coverage obtained under the policy is limited to \$5,000,000 in respect of the policy year. The deductible to be borne by the Corporation is \$250,000 in respect of any one claim.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In February 1995, the TSE approved a report of its committee on corporate governance (the "Report"), including a recommendation that as a listing requirement, companies incorporated in Canada and listed on the TSE be obligated to respond to a number of guidelines set out in the report designed to enhance the flow of information provided by Canadian public companies to their shareholders and other stakeholders. The directors of the Corporation have reviewed these guidelines and believe that the Corporation's corporate governance practices are generally consistent with those set out in the Report.

There follows a brief commentary on the Corporation's position with respect to a number of matters reflecting its corporate governance practices.

1. Responsibility for Corporate Governance Practices

The Chairman of the Corporation's Board of Directors, who is an unrelated director and who holds no management position with the Corporation or its subsidiary, Home Trust Company, is responsible to the Board for the oversight, monitoring and assessment of the Corporation's corporate governance practices and procedures. The Corporation does not have a separate corporate governance committee.

2. Mandate of the Board

The Board is responsible for the stewardship of the Corporation, and as part of the overall stewardship responsibility, the Board assumes responsibility for the oversight of the following:

- the strategic planning process, the development of major initiatives and the raising of capital;
- the analysis of risk relating to significant aspects of the business and operations of surrounding major issues of interest to the Corporation and its subsidiary;
- the administration of the process for the development, succession and compensation of management;
- the development, maintenance and review of internal control and management information systems;
- the authorization, implementation and monitoring of all public and regulatory communications; and
- the ongoing and detailed review of the results of the operations of the Corporation and its subsidiary.

3. Composition of the Board of Directors

One of the guidelines in the Report makes it the responsibility of each board to make a determination of the status of each of its members as related, unrelated, outside or inside, as such terms are defined and understood in the Report. The directors of the Corporation have determined that:

- a. the Board, which consists of eight members, has seven members who are both outside directors (i.e. not officers or employees of the Corporation or its subsidiary) and unrelated directors (i.e. independent of management and free from any interest or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the corporation, other than interests arising from shareholdings);
- b. the Chief Executive Officer (the "CEO") is the only related director on the Board;

- c. the Chairman of the Board is an unrelated director and holds no management position either with the Corporation or with its wholly owned subsidiary, Home Trust Company;
- d. three of the directors, including the CEO, own significant holdings of the Corporation's multiple voting Class A Shares, but no single director holds a controlling number of such shares. The largest such holding by a single director represents 20.2 percent of the votes attached to all outstanding shares.

4. Size of the Board

One of the guidelines in the Report recommends that the Board examine its size and, with a view to determining the impact of the number upon effectiveness, undertake, where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision making. The Board has considered this guideline and has determined that eight (8) is the optimum number of members at this time.

5. Independence of the Board

Another of the Report's guidelines makes it the Board's responsibility to ensure that the Board functions independently of management. The Report suggests that the independence of the Board is most simply assured by separating the office of Chairman of the Board from that of CEO. The Chairman of the Board of the Corporation is an unrelated director and holds no management position with the Corporation. In addition, the majority of the Board is comprised of unrelated and outside directors.

6. Significant Shareholder

Another of the guidelines within the Report provides that in the case of a corporation with a significant shareholder, the board of directors of the corporation must disclose whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the "significant shareholder". The Report defines a significant shareholder as a "shareholder with the ability to exercise a majority of the votes for the election of the Board of Directors". The Corporation does not have a "significant shareholder".

7. The Nomination and Recruitment of Directors

Another of the guidelines in the Report provides that the Board of Directors appoint a committee of directors composed exclusively of outside directors, a majority of whom are unrelated directors, to be responsible for the appointment and assessment of directors. The Corporation's Human Resources and Nominating Committee, which is composed of four directors, all of whom are unrelated directors and outside directors, is responsible for the identification and nomination of candidates for election to the Board.

The guidelines in the Report also provide that a corporation should provide an orientation and education program for new recruits to the Board of Directors. The Human Resources and Nominating Committee is responsible for the orientation and education of new directors appointed to the Board.

8. Committees of the Board

The Corporation's Board maintains four committees: Audit; Executive; Human Resources and Nominating; and Investment.

The Report states that the Audit Committee should be made up of outside directors only. The Executive Committee may include one or more inside directors, and the other board committees should be comprised of outside directors with a majority of their members being unrelated directors.

Unrelated directors constitute a majority on each of the Corporation's committees. The CEO, who is the only related director on the Board, is the Chairman of the Executive Committee, a member of the Investment Committee and attends meetings of the Human Resources and Nominating Committee on an *ex officio* basis, although he absents himself from discussions regarding his own compensation.

9. The Audit Committee

The Audit Committee is composed of six outside, unrelated directors. It meets on at least four occasions each year with external auditors in attendance. At least once a year, the Audit Committee holds a formal meeting with the external auditor without management present.

The mandate of the Audit Committee includes the following: the Corporation's external audit plan; the internal auditing process; accounting standards and practices; financial information and accounting systems; internal control and data security procedures; financial risk management; the company's financial reporting and statements; compliance of the regulated subsidiary with all laws, regulations and standards including the Canada Deposit Insurance Corporation Standards and the *Trust and Loan Companies Act* (Canada); and ensure compliance with the Corporation's Code of Ethics.

10. The Executive Committee

The Executive Committee is comprised of five directors, including four outside, unrelated directors and the CEO, who is the only related director on the Board. The Report acknowledges that some committees of boards of directors, such as the executive committee, may include one or more inside directors. The Executive Committee meets as needed.

The mandate of the Executive Committee includes the following: to assist the CEO in analysis of key issues; to determine recommendations to the Board including, but not limited to, raising capital, new businesses, allocation of capital, and organizational changes; to review the objectives and assumptions of the multi-year strategic plan prior to final preparation for the Board; and to review monthly financial statements versus plans and issues arising from the quarterly report to the Board and the impact on strategic issues, if any.

11. The Human Resources and Nominating Committee

The Human Resources and Nominating Committee is composed of four outside, unrelated directors. The CEO, who is the only related director on the Board, attends meetings on an *ex officio* basis and absents himself from discussions concerning his own compensation.

A further guideline in the Report recommends that the Board of Directors review the adequacy and form of compensation of directors and ensure that the compensation adequately reflects the responsibilities and risks of being an effective director. The Human Resources and Nominating Committee has responsibility for the establishment of the Corporation's compensation and succession policy and the compensation program including stock options. The Human Resources and Nominating Committee also recommends nominations to the Board and the compensation for members thereof.

The guidelines in the Report also provide that every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors. The Human Resources and Nominating Committee of the Corporation is responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of each individual director.

12. The Investment Committee

The Investment Committee is composed of three directors, two of whom are unrelated. It meets on four or five occasions each year.

The Committee is responsible for the development, implementation and monitoring of policies governing the investment of the Corporation's stock and bond portfolio.

13. Outside Advisors

A guideline in the Report recommends that the board implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. Committees of the Board and individual directors with the approval of the Chairman of the Board may, as required, retain outside advisors at the Corporation's expense.

14. Shareholder Feedback

Although not mentioned in the Report's guidelines, it is important for a corporation to have measures in place for receiving shareholder feedback and measures for dealing with shareholder concerns. In order to receive shareholder feedback and deal with shareholder concerns, the Corporation in both its quarterly and annual reports sets out the name and phone number of the necessary person at the Corporation who is to deal with such concerns and feedback.

APPOINTMENT AND REMUNERATION OF AUDITORS

Management intends to nominate Ernst & Young LLP of Toronto, Ontario, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. Ernst & Young were first appointed as auditors of the Corporation at the 1988 annual meeting of shareholders.

In the past, the directors have negotiated, on an arm's length basis, the remuneration of the auditors with the auditors of the Corporation. Such remuneration has been based upon the complexity of the matters dealt with by the auditors and the time spent by the auditors in providing services to the Corporation. Management feels that the remuneration negotiated in the past with the auditors of the Corporation has been reasonable under the circumstances and would be comparable to fees charged by other auditors providing similar services.

Accordingly, on any ballot that may be called for relating to the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors, shares represented by proxies in favour of Management nominees will be voted in favour of such resolution, unless a shareholder has specified in his proxy that his shares are to be withheld from voting in the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors.

FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended December 31, 2000 are included in the 2000 annual report of the Corporation accompanying this Management Information Circular.

AMENDMENTS TO THE CORPORATION'S EMPLOYEE STOCK OPTION PLAN

The Board of Directors recognizes that the Corporation experiences intense competition from other companies for talented managers and employees and that the Corporation's success is dependent upon its ability to attract, motivate and retain such personnel.

Eligibility for participation under the Corporation's Employee Stock Option Plan (the "Plan") is limited to directors, officers and employees of the Corporation and its subsidiaries and, with respect to any one participant in the Plan, to 5% of the aggregate number of issued and outstanding Class B Shares and Class A Shares.

The Corporation's Plan is designed to support the achievement of the Corporation's performance objectives, to ensure that employee's interests are aligned with the success of the Corporation and to provide compensation opportunities that will attract, retain and motivate superior management and operating personnel.

The Corporation's Plan was approved by the shareholders of the Corporation on December 15, 1986. The Plan was amended effective December 31, 1995 to conform with the TSE's Revised Policy on Listed Company Share Incentive Arrangements. Currently, the maximum number of Class B Shares that may be issued under the Plan as amended is 1,151,450, representing approximately 10% of the aggregate number of Class A Shares and Class B Shares issued and outstanding as of October 22, 1997.

On March 21, 2001, the Board of Directors of the Corporation passed a resolution approving an amendment to the Plan, subject to shareholder and regulatory approval, to increase the number of shares reserved for options under the Plan.

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to pass an amendment to the Corporation's Plan to permit options to purchase an additional 1,300,000 Class B Shares to be issued under the Plan, and to ratify and approve certain stock options which have been granted under the Plan subject to shareholder approval.

The amended number of 1,300,000 options represents approximately 8.8% of the aggregate of the Corporation's issued and outstanding Class A Shares and Class B Shares, as at April 10, 2001.

Management is of the view that it is in the best interests of the Corporation to permit additional options to purchase Class B Shares to be issued under the Plan in order to allow management the ability to grant new incentive stock options to existing and prospective new employees of the Corporation. In addition, the Corporation has granted, subject to the approval of the Corporation's shareholders, certain stock options under the Plan which exceed the total of 1,151,450 Class B Shares presently available for grant under the Plan. Specifically, a total of 889,000 options are currently outstanding and unexercised, which number, together with the options previously granted and exercised under the Plan, exceeds the amount presently authorized under the Plan by 766,901. The total number of grants which have been issued subject to shareholder approval are as follows:

Recipient	Dates of Grant	Exercise Prices	Options	Expiry Dates
Named Executive Officers (Gerald Soloway & Roy Vincent)	22 Oct.-97 to 21 Apr.-99	\$2.55 to \$4.34	362,500	22 Oct.-02 to 21 Apr.-04
Directors & Officers Except for Named Executive Officers listed above	22 Oct.-97 to 20 Oct.-00	\$2.55 to \$5.75	87,500	22 Oct.-02 to 20 Oct.-05
Employees	22 Oct.-97 to 04 Dec.-00	\$2.55 to \$6.05	316,901	22 Oct.-02 to 04 Dec.-05
Total			766,901	

At the Meeting, Shareholders will also be asked to ratify the grant of these options to purchase 766,901 Class B Shares. If the resolutions regarding amendments to the Plan pass, of the 1,300,000 additional options which would be available under the Plan, 766,901 would be allocated to the options previously granted. Accordingly, the Corporation would be able to issue a total of 533,099 additional options. The text of the proposed ordinary resolution is appended to this circular as Schedule A. In order to be effective, the resolution must be passed by a majority of the votes cast at the Meeting.

Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote FOR the approval of the resolution authorizing the increase in the number of options and shares issuable pursuant to the exercise of options under the Plan as set forth in Schedule A to this Circular. The Board of Directors recommends that shareholders vote FOR the resolution.

All amendments to the Plan must be approved by the TSE and there can be no assurance that such approval will be granted.

CERTIFICATE

The contents of this Management Information Circular and its distribution to the shareholders of the Corporation have been approved by the Board of Directors of the Corporation.

April 26, 2001

William A. Dimma
Chairman of the Board

SCHEDULE A

Resolution Amending Employee Stock Option Plan

“RESOLVED, as an ordinary resolution, that subject to the receipt of any requisite regulatory approval:

- 1. the Corporation be authorized to amend its Employee Stock Option Plan (the “Plan”) to permit the issuance of an additional 1,300,000 Class B Shares (“Class B Shares”) or such lesser number as may be approved by any regulatory authority and the directors of the Corporation, and that the directors of the Corporation be and are hereby authorized to make such ancillary amendments to the Plan as, in their discretion, are necessary in order to give effect to this resolution; and**
- 2. the grant by the Corporation of options to purchase a total of 766,901 Class B Shares under the Plan to:**

Rod Adams	John Marsh
James Appleyard	Karen Minns
Janette Benson	David Molzahn
Dan Boyda	Jan Morrison
Laurie Chalabardo	Brian Mosko
Stephen Copperthwaite	Christine Nugent
Hon. Wm. G. Davis	Diane Payne
William Dimma	Ellie Rock
Kenneth Fowler	Sheila Ross
Larry Frondall	Marguerite Ryan
Chris Goessl	Marion Samler
Sharron Hatton	Angus Scott
Dinah Henderson	Andre Semeniuk
Jim Hill	Donna Shepherd
Belinda Hughes	Gerald Soloway
Susan Hunter	Kathy Stamp
Jason Koch	Brian Stewart
Nick Kyprianou	Cathy Sutherland
Pierre Lafleur	Agostino Tuzi
Linda Lonergan	W. Roy Vincent
Sandi Malins	

all as set out in the Corporation’s Information Circular, are hereby approved, ratified and confirmed, and that such approval, ratification and confirmation is effective notwithstanding that the grant of such options may, at the time of such grant, have exceeded the number of Class B Shares then available for issuance under the Plan.”