

HOME CAPITAL GROUP INC.

MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

This management information circular (“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 12th day of May, 2004, 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 1, 2004. **Please note that on January 29, 2004, the Corporation paid a one-for-one share dividend to all holders of Class B subordinate voting shares (the “Share Dividend”); the share and option information given in this circular includes this Share Dividend.**

Copies of the Corporation’s current annual information form (“AIF”), together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF; the Corporation’s most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of the Corporation’s most recently completed financial year; and this Management Information Circular, are available to anyone, upon request, from the Secretary of the Corporation, and without charge to security holders of the Corporation.

Appointment of Proxies

The persons named in the enclosed form of proxy are management nominees (the “Management Nominees”) and are directors of the Corporation. A shareholder who wishes to appoint some other person to represent such shareholder at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy. Such other person need not be a shareholder of the Corporation.

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.

Non-Registered Holders

Only registered holders of Class B subordinate voting shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Class B subordinate voting shares of the Corporation beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a depository (such as The Canadian Depository for Securities Limited or “CDS”).

In accordance with the Canadian securities law, the Corporation has distributed copies of the notice of meeting, this Management Information Circular, the form of proxy, and the 2003 annual report (collectively, the “Meeting Materials”) to CDS and intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, intermediaries will use a service company (such as ADP Investor Communications (“ADP IC”)) to forward the Meeting Materials to Non-Registered Holders. The Corporation is a “Participating Issuer” under ADP IC’s Electronic Delivery Procedures. Non-Registered Holders who have enrolled in ADP IC’s Electronic Delivery Procedures (at www.investordeliverycanada.com) will have received from ADP IC an e-mail notification that these Meeting Materials are available electronically at the Corporation’s website, which notification includes a hyperlink to the page within the Corporation’s website where these Meeting Materials can be viewed.

Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- A. **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms sent by ADP IC permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvotecanada.com. Non-Registered Holders who have enrolled in ADP IC’s Electronic Delivery Procedures will only be able to complete ADP IC’s voting instruction form through the Internet, at www.proxyvoting.com. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend

and vote on the Holder's behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.

or

- B. Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must complete the form of proxy and deposit it at the registered office of the Corporation as described above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided.

Non-Registered Holders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.

Revocation

A registered shareholder who has given a proxy may revoke the proxy by:

- (a) completing and signing a proxy bearing a later date and depositing it at the registered office of the Corporation as described above; or
- (b) depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing: (i) 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 of the Meeting, at which the proxy is to be used, or (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or
- (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

Voting of Proxies

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 that 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 the approval of a special resolution to amend the articles of the Corporation to remove all references to the convertible Class A Shares and to the Class C non-voting shares, and to redesignate the Class B subordinate voting shares of the Corporation as "Common Shares", with such attributes as are set out in the special resolution, as described in this Management Information Circular.

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 the approval of a special resolution to amend the articles of the Corporation, 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, and the approval of a special resolution to amend the articles of the Corporation 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 the approval of a special resolution to amend the articles of the Corporation.

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.

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 convertible Class A shares ("Class A Shares"), an unlimited number of Class B subordinate voting shares ("Class B Shares") and an unlimited number of Class C non-voting shares ("Class C Shares"). As at April 1, 2004, 33,702,390 Class B Shares were issued and outstanding. This number includes the shares that were issued as part of the Share Dividend. No Senior Preferred Shares, Junior Preferred Shares, Class A Shares or Class C Shares were issued

or outstanding on April 1, 2004. Each Class B Share carries one vote per share in respect of each matter to be voted on at the Meeting; if any were outstanding, each Class A Share would carry five votes per share. The Senior Preferred Shares, Junior Preferred Shares, and Class C 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 of record at the close of business on April 5, 2004 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 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 (if any are then issued and outstanding), each Class B Share and each Class C Share (if any are then issued and outstanding) will 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 will not come into effect if:

- (a) an identical offer is made concurrently to purchase Class B Shares and Class C 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 (if any are then issued and outstanding) 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 Shares.

If a take-over bid is made to holders of Class B Shares, each Class C Share (if any are then issued and outstanding) will 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 will not come into effect if:

- (a) an identical offer is made concurrently to purchase Class C 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 (if any are then issued and outstanding) 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 Shares must concurrently elect (a) to convert into Class C 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 will communicate in writing to the holders of Class B Shares and Class C Shares the full details of the offer and the mode of exercise of any conversion rights.

Holders of Class B Shares and Class C 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.

FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended December 31, 2003 are included in the 2003 annual report of the Corporation accompanying this Management Information Circular.

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 a 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 FOR the election of such persons as directors of the Corporation unless a shareholder has specified by proxy that their shares are to be withheld from voting in the election of directors. In the event that any

vacancies occur in the slate of nominees for the election of directors, it is intended that discretionary authority will 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.

The following sets out the names of the nominees for election as directors, together with their municipality of residence, length of service as a director, principal occupation, other principal directorships and committee memberships. Also indicated for each nominee is the number of shares beneficially owned, directly or indirectly, or over which control or direction was exercised as at April 1, 2004.

A record of attendance by directors of meetings of the Board and its committees during the twelve months ended December 31, 2003 is set out in Schedule A to this Management Information Circular.

Name and Year First Became Director	Principal Occupation	Positions with the Corporation ¹	Number and Class of Securities Beneficially Owned, Directly or Indirectly, or Controlled or Directed as at April 1, 2004
Gerald M. Soloway (1986)	President and Chief Executive Officer of the Corporation	Director, President and Chief Executive Officer	2,684,730 Class B Shares
John M. E. Marsh (1986)	Corporate Director	Director	2,077,902 Class B Shares
Harvey F. Kolodny (1989)	Professor Emeritus, Rotman School of Management, University of Toronto (educational institution)	Director	30,000 Class B Shares
John M. Christodoulou (1990)	Chairman & Chief Executive Officer, Guardian Capital Group Ltd. (investment management company)	Director	34,000 Class B Shares
William A. Dimma (1994)	Corporate Director	Chairman of the Board and Director	62,000 Class B Shares
Sheila L. Ross (1999)	Partner, Highland Partners (international executive search firm)	Director	35,000 Class B Shares
The Hon. William G. Davis (1999)	Counsel, Torys LLP (North American law firm)	Director	2,000 Class B Shares
Robert A. Mitchell (2002)	Corporate Director	Director	2,000 Class B Shares

1. The Audit and Risk Management Committee of the Corporation is comprised of **Messrs. Christodoulou, Dimma, Davis, Kolodny** and **Mitchell**, and **Mr. Mitchell** is the Chairman. The Executive Committee of the Corporation is comprised of **Messrs. Davis, Dimma, Marsh, and Soloway**, and **Mr. Dimma** is the Chairman. The Human Resources and Compensation Committee is comprised of **Messrs. Dimma, Davis, Marsh** and **Ms. Ross**, and **Ms. Ross** is the Chairperson. The Investment Committee is comprised of **Messrs. Christodoulou, Kolodny** and **Soloway**, and **Dr. Kolodny** is the Chairman. The Corporate Governance and Nominating Committee is comprised of **Messrs. Davis, Dimma, Kolodny** and **Mitchell**, and **Mr. Dimma** is the Chairman. In addition, each of **Messrs. Dimma, Davis, Kolodny, Marsh, Mitchell** and **Soloway** and **Ms. Ross** is a director, and **Mr. Soloway** is the President of the Corporation's subsidiary, Home Trust Company.

Director Information

Gerald M. Soloway, of Toronto, Ontario, has been the President and Chief Executive Officer of the Corporation since 1986. He holds a B.A. (Economics) from the University of Western Ontario and an LL.B from Osgoode Hall. Prior to his involvement with the Corporation, Mr. Soloway practiced law in Toronto, specializing in real estate, mortgage and commercial law and acting on behalf of major banks and trust companies.

John M. E. Marsh, P.Eng., of Port Colborne, Ontario, has owned and operated companies involved with engineering and energy. In addition, he is part owner of the Peace Bridge Duty Free.

Harvey F. Kolodny, of Toronto, Ontario, is professor emeritus with the Joseph L. Rotman School of Management at the University of Toronto. He currently holds the following directorships: Vivosonic Inc. and Ontario Council for Innovation. Dr. Kolodny's current research examines the integration of project management and change management in large organizations.

John M. Christodoulou, of Toronto, Ontario, is the Chairman and CEO and a director of Guardian Capital Group Limited, a publicly listed financial services company. He was formerly President of SwissRe Management Limited and a professor at the Graduate Schools of Business Administration, Queen's University and York University.

William A. Dimma, C.M., O.Ont., of Toronto, Ontario, has been a director of numerous major Canadian corporations, and is the former president of Torstar Corporation and Royal LePage. He currently holds the following corporate directorships: Magellan Aerospace Corporation, Minacs Worldwide Inc., Brascan Financial Corporation, Malibu Engineering and Software Ltd. and York University Development Corporation. Mr. Dimma is also a director of numerous not-for-profit institutions and the author of the text "Excellence in the Boardroom."

Sheila L. Ross, of Toronto, Ontario, is a partner in Highland Partners, an executive search firm owned by Hudson Highland Group Inc., a publicly listed US company. Ms. Ross specializes in recruiting and staffing in the financial services and retail sectors.

The Hon. William G. Davis, P.C., C.C., Q.C., of Brampton, Ontario, is counsel with the firm of Torys LLP, Toronto and is the former Premier of Ontario (1971-1985). He currently holds the following corporate directorships: First American Financial Corporation, First American Title Insurance Company, BPO Properties Ltd., Magellan Aerospace Corporation, Magna Entertainment Corp. and St. Lawrence Cement. Mr. Davis is also a member of the Governing Council of the University of Toronto.

Robert A. Mitchell, of Oakville, Ontario, is a former partner of Ernst & Young LLP, an accounting firm, having acted as auditor and advisor to significant clients in a broad cross-section of industries. He currently holds the following corporate directorships: Acuity Funds Ltd. and Orvana Minerals Corp. He has also participated on numerous working groups in the investment management, securities dealer and trust company industries as well as the volunteer sector.

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. Ernest & Young LLP 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. Fees paid or expected to be paid to Ernst & Young LLP in connection with the fiscal year ended December 31, 2003 were \$152,500 in the aggregate for audit, attest and related services and \$18,300 for tax support services, as compared to \$159,000 and \$28,000 respectively for 2002. No fees were paid to the auditors in connection with financial information systems design and implementation 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 FOR such resolution, unless a shareholder has specified by proxy that their 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.

SPECIAL RESOLUTION TO APPROVE AN AMENDMENT TO THE ARTICLES OF THE CORPORATION

Prior to May 27, 2003, the Corporation had outstanding 2,508,334 Class A Shares. Effective as of June 9, 2003, with the Class A shareholders' consent, all of the Class A Shares were converted into Class B Shares, on a one-for-one basis without benefit or enhancement. Accordingly, the Corporation no longer has any outstanding Class A Shares and has no intention to issue any more Class A Shares. The Corporation has never issued nor does it have any intention to issue, any Class C Shares.

As a result, the Class B Shares are the only class of voting securities of the Corporation. To reflect this fact, the Corporation proposes to amend its articles of incorporation to remove references to the defunct Class A Shares and Class C Shares, and to re-designate the Class B Shares as the "Common Shares" of the Corporation.

The re-designation of the Class B Shares as "Common Shares" clarifies that there no longer exist other common shares of the Corporation with different voting rights. Consequently, there will no longer be any need for the conversion rights in the event of a takeover bid for securities of the Corporation having superior voting rights or voting rights, respectively, as described in the "Certain Rights of the Corporation's Restricted Voting Shares" section in this Management Information Circular, and these rights will be deleted from the Corporation's articles. Conforming changes will need to be made to the share conditions of the Senior Preferred Shares and the Junior Preferred Shares, to delete references to the Class A Shares and the Class C Shares and to replace references to Class B Shares with Common Shares. The attributes for the newly designated "Common Shares" and a blackline showing the changes that will be made to the Senior Preferred Shares and Junior Preferred Shares are set out in Appendix 1 to Schedule B to this Management Information Circular.

This amendment will not remove the Junior Preferred Shares or the Senior Preferred Shares from the articles of the Corporation, although there are currently no such preferred shares outstanding.

The proposed amendment to the articles of incorporation of the Corporation requires the approval of shareholders by way of a special resolution, meaning the positive vote of at least two-thirds of the Class B Shares voted at the Meeting.

The full text of the special resolution approving the amendment of the articles is set out as Schedule B to this Management Information Circular.

Accordingly, on any ballot that may be called for relating to the amendment to the articles of the Corporation to remove references to the convertible Class A shares and to the Class C non-voting shares, and to redesignate the Class B subordinate voting shares as "Common Shares", shares represented by proxies in favour of Management Nominees will be voted FOR such resolution, unless a shareholder has specified by proxy that their shares are to be withheld from voting in the amendment to the articles of the Corporation to remove references to the convertible Class A shares and to the Class C non-voting shares, and to redesignate the Class B subordinate voting shares as "Common Shares".

REPORT ON DIRECTOR AND EXECUTIVE COMPENSATION

1. Report of the Human Resources and Compensation Committee

The Corporation's executive compensation program is administered by the Human Resources and Compensation Committee of the Board. As part of its mandate, this Committee has primary responsibility for making recommendations to the Board with respect to the appointment and remuneration of executive officers of the Corporation. The Human Resources and Compensation 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 Compensation Committee met two times during the financial year ended December 31, 2003.

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 Compensation 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 Compensation Committee with regard to executive officers are then presented to the Board 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 Compensation Committee with reference to their performances as well as the performance of the Corporation as a whole. The recommendations of the Human Resources and Compensation Committee with regard to executive officers are then presented to the Board for approval prior to implementation.

Stock Options

The Corporation has a stock option plan which is administered by the Human Resources and Compensation 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 Compensation 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 Compensation Committee prepares recommendations on the allocation of stock options and presents these recommendations to the Board for modification or approval. Any grant by and any determination made by the Committee requires confirmation by the Board.

The foregoing report has been furnished by the Hon. William G. Davis, William A. Dimma, 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, 2003, 2002 and 2001 in respect of each of the individuals who served as a policy-making executive officer of the Corporation during the year ended December 31, 2003 (the "named executive officers"), and the particulars relating to certain options granted to named executive officers.

Name and Principal Position	Annual Compensation				Long-Term Compensation			All Other Compensation
					Awards	Payouts		
	Fiscal Year	Salary	Bonus	Other Annual Compensation	Securities Under Option Granted ⁽²⁾	Restricted Shares	LTIP Payouts	
Gerald M. Soloway, President and CEO of Home Capital Group Inc. and of Home Trust Company	2003	\$400,000	\$600,000	Nil	Nil	Nil	Nil	Nil
	2002	\$300,000	\$450,000	Nil	200,000 @ \$6.76/ 250,000 @ \$7.145	Nil	Nil	Nil
	2001	\$300,000	\$400,000	Nil	Nil	Nil	Nil	Nil
W. Roy Vincent, Senior Vice President and Chief Operating Officer of Home Capital Group Inc. and of Home Trust Company	2003	\$225,000	\$200,000	Nil	Nil	Nil	Nil	Nil
	2002	\$207,271	\$150,000	Nil	20,000 @ \$6.76/ 100,000 @ \$7.145	Nil	Nil	Nil
	2001	\$180,943	\$100,000	Nil	40,000 @ \$4.685	Nil	Nil	Nil
Rodney K. Adams, Senior Vice President of Home Capital Group Inc. and of Home Trust Company	2003	\$191,769	\$60,000	Nil	Nil	Nil	Nil	Nil
	2002	\$174,811	\$60,000	Nil	20,000 @ \$6.76	Nil	Nil	Nil
	2001	\$133,615	\$30,000	Nil	Nil	Nil	Nil	Nil
Nick Kyprianou ⁽¹⁾ , Senior Vice President of Home Capital Group Inc. and of Home Trust Company	2003	\$185,000	\$150,000	Nil	60,000 @ \$10.56	Nil	Nil	Nil
	2002	\$150,000	\$100,000	Nil	20,000 @ \$6.76	Nil	Nil	Nil
	2001	\$120,000	\$75,000	Nil	Nil	Nil	Nil	Nil
Cathy Sutherland, Treasurer of Home Capital Group Inc. and of Home Trust Company	2003	\$100,000	\$40,000	Nil	Nil	Nil	Nil	Nil
	2002	\$ 90,000	\$30,000	Nil	20,000 @ \$6.76/ 15,000 @ \$7.145	Nil	Nil	Nil
	2001	\$ 85,000	\$ 20,000	Nil	Nil	Nil	Nil	Nil

1. Nick Kyprianou has been employed with the Corporation since 1992, and was appointed an officer of the Corporation on May 27, 2003. His compensation for the entire 2003 year is reported.
2. Options have been adjusted to account for the Share Dividend.

OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Under Options/SARs Granted ¹ (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price ¹ (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Nick Kyprianou	60,000	35.29%	10.56	10.08	July 23/10

¹ Options have been adjusted to account for the Share Dividend.

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 Revised Policy on Listed Company Share Incentive Arrangements of the Toronto Stock Exchange (the "TSX"). 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 exercise price of the options shall be fixed by the Board 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 TSX (or, if the Class B Shares are not then listed and posted for trading on the TSX, 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. In December, 2002, the Board amended the terms of the Plan such that, if an option grant is made during a Board meeting at which approval to quarterly or year end financial statements is given, the averaging calculation shall be extended to include five trading days following such Board meeting. 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.

As of April 1, 2004, the maximum number of options to purchase Class B Shares that the Corporation may issue under the Plan without having to obtain shareholder approval is 748,698.

The TSX did not require the Corporation to obtain shareholder approval to amend the Plan in 1995. Shareholders approved an amendment to the Plan in 2001 to authorize the issuance of additional options and also approved an amendment to the Plan in 2002 to increase by 900,000 the number of available options to purchase Class B Shares.

During 2003, no options were awarded to directors. As at April 1, 2004, the directors, officers and other employees of the Corporation held options to purchase a total of 1,397,500 Class B Shares (please note that this number has been adjusted to reflect the Share Dividend).

During 2003, one director exercised options to purchase an aggregate of 2,000 Class B Shares having a net value (market value at the date of exercise less exercise price) of \$10,350.

As at April 1, 2004, 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, 28,000; Harvey F. Kolodny, 25,000; John M. E. Marsh, 15,000; Robert A. Mitchell, 30,000; Sheila L. Ross, 20,000; and Gerald M. Soloway, 450,000.

In 2003, 60,000 options to purchase Class B Shares were granted to the named executive officers of the Corporation and 110,000 options to purchase Class B Shares were granted to employees of the Corporation (please note that these numbers have been adjusted to reflect the Share Dividend). On March 10, 2004, 70,000 options to purchase Class B Shares were granted to employees.

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.

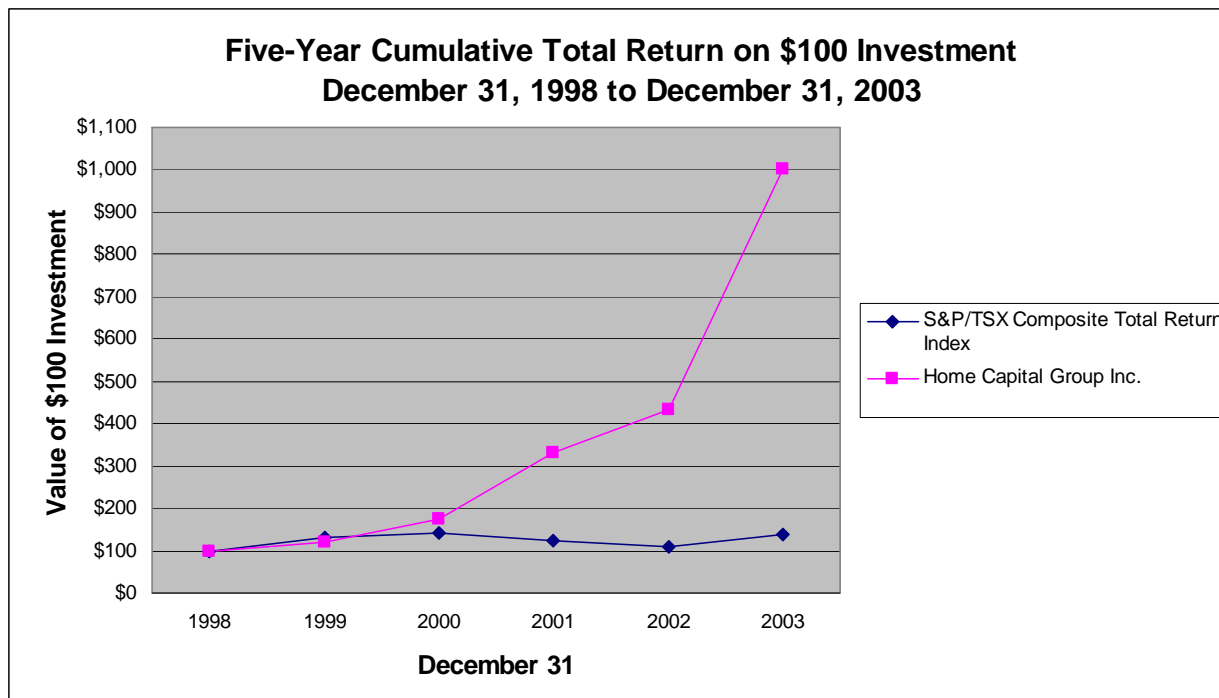
OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Acquired on Exercise	Aggregate value Realized (\$)	Unexercised Options at FY-end (#) Exercisable/Unexercisable ⁽¹⁾	Value of Unexercised in-the-Money Options at FY-end (\$) Exercisable/Unexercisable ⁽¹⁾⁽²⁾
Gerald M. Soloway	0	0	112,500/ 337,500	1,085,750/ 3,257,250
W. Roy Vincent	0	0	95,000/ 90,000	1,125,300/ 858,975
Rodney K. Adams	0	0	31,000/ 15,000	402,925/ 147,975
Nick Kyprianou	0	0	15,000/ 75,000	186,825/ 511,875
Cathy Sutherland	0	0	28,750/ 26,250	359,875/ 254,625

1. Options have been adjusted to account for the Share Dividend
2. Calculated using the closing price for the Class B Shares on the TSX on December 31, 2003, 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 S&P/TSX Total Return Index as of December 31, 2003.



TSX Trading Symbol HCG.B

	1998	1999	2000	2001	2002	2003	Compound Annual Growth
TSX 300	100	131.71	141.47	123.69	108.30	137.25	6.54%
HCG	100	118.74	173.56	331.53	434.58	1002.91	56.97%

5. Compensation of Directors

Effective January 1, 2002, each outside director of the Corporation and its subsidiaries is entitled to be paid \$15,000 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 31, 2003 to the directors of the Corporation and its subsidiaries in their capacity as directors was approximately \$136,000. 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 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 and annual meeting of shareholders that they attend. Executive Committee members receive \$1,000 per meeting attended. 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, non-management 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 and Risk Management Committee of the Corporation's subsidiary, Home Trust Company, for the period January 1, 2003 to October 22, 2003. Effective October 22, 2003, Dr. Kolodny resigned as Chairman and Mr. Robert Mitchell was appointed Chairman of the Committee. From November 1, 2003, Mr. Mitchell was paid \$2,000 per month principally to serve as Chairman of the Audit and Risk Management Committee of Home Trust Company. Mr. William A. Dimma, a director and the Chairman of the Board of the Corporation, was paid \$12,500 quarterly 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 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, 2003	Amount Outstanding as at March 5, 2004
Cathy Sutherland, Treasurer	Lender	\$39,665.27	\$28,606.08

In 1990, Home Trust Company made a mortgage loan to Ms. Sutherland secured by a first charge against her principal residence in Welland, Ontario. The mortgage matured on February 8, 2002 and was renewed. The renewed term bears interest at a rate of 3% per annum and matures on February 2, 2007.

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, 2003, the premium for such insurance was \$50,350 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.

CORPORATE GOVERNANCE

Under the rules of the TSX, the Corporation is required to disclose information relating to its corporate governance. The Corporation's Statement of Corporate Governance Practices is set out in Schedule C to this Management Information Circular.

CERTIFICATE

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

By order of the Board of Directors.

Toronto, Ontario
April 5, 2004

“Gerald M. Soloway”

Gerald M. Soloway
President and CEO

SCHEDULE A

DIRECTORS' ATTENDANCE

Set out in this Schedule A is a record of directors' attendance at meetings of the Board and its committees during the twelve months ended December 31, 2003.

<u>Director</u>	<u>Number of Meetings Attended</u>	
	<u>Board</u>	<u>Committees</u>
Gerald M. Soloway*	14 of 14	4 of 4
John M. E. Marsh	12 of 14	2 of 2
Harvey F. Kolodny	14 of 14	9 of 9
John M. Christodoulou	8 of 14	7 of 9
William A. Dimma	14 of 14	8 of 8
Sheila L. Ross	11 of 14	2 of 2
The Hon. William G. Davis	14 of 14	7 of 8
Robert A. Mitchell	12 of 14	5 of 5

* With the exception of the Investment Committee and the Executive Committee, Mr. Soloway is not a member of any Board committee. He attends meetings of committees at the request of the Board.

Summary of Board and Committee Meetings Held

Board	14
Audit and Risk Management	5
Human Resources and Compensation	2
Investment	4
Corporate Governance and Nominating	1
Executive	0

SCHEDULE B

SPECIAL RESOLUTION APPROVING AN AMENDMENT TO THE ARTICLES OF THE CORPORATION

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The certificate and articles of the Corporation be amended as follows:
 - (a) by creating a new class of shares, unlimited in number, designated as Common Shares;
 - (b) by cancelling all authorized and unissued Class A Shares and Class C Non-Voting Shares in the capital of the Corporation;
 - (c) by changing the 33,702,390 issued and outstanding Class B Subordinate Voting Shares into 33,702,390 Common Shares and cancelling all authorized and unissued Class B Subordinate Voting Shares in the capital of the Corporation;
 - (d) so that the authorized capital of the Corporation shall consist of an unlimited number of Common Shares, an unlimited number of Senior Preferred Shares and an unlimited number of Junior Preferred Shares. The rights, privileges, restrictions and conditions attaching to the Common Shares, the Senior Preferred Shares and the Junior Preferred Shares are attached as Appendix 1; and
 - (e) to make such conforming amendments to the certificate and articles of incorporation, and such other corporate documents including, without limitation, the Employee Stock Option Plan, the Normal Course Issuer Bid and the Employee Share Ownership Plan, as may be required to reflect the foregoing resolution.
2. Any officer or director of the Corporation is authorized and directed on behalf of the Corporation to deliver articles of amendment, in duplicate, to the Director under the *Business Corporations Act* (Ontario) and to execute all documents and to do all things as in the opinion of such person may be necessary or desirable in connection with the foregoing.

APPENDIX 1 TO SCHEDULE B¹

ATTRIBUTES OF SENIOR PREFERRED SHARES, JUNIOR PREFERRED SHARES AND COMMON SHARES

1. Senior Preferred Shares

The Senior Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

1.1 Directors' Authority to Issue in One or More Series. The directors of the Corporation may issue the Senior Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation shall fix the number of shares that will form such series and shall determine, subject to the limitations set forth herein, the designation, rights, privileges, restrictions and conditions to be attached to the Senior Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of dividends thereon, the currency or currencies of payment of dividends, the time and place of payment of dividends, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any) and the terms and conditions of any share purchase plan or sinking fund with respect thereto. Before the issue of the first shares of a series, the directors shall send to the Director (as defined in the *Business Corporations Act*[^] (Ontario)) articles of amendment containing a description of such series including a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

1.2 Ranking of Senior Preferred Shares. No rights, privileges, restrictions or conditions attaching to a series of Senior Preferred Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of Senior Preferred Shares then outstanding. The Senior Preferred Shares shall be entitled to priority over the Junior Preferred Shares[^] and Common Shares of the Corporation and over any other shares ranking junior to the Senior Preferred Shares with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Senior Preferred Shares are not paid in full, the Senior Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be

1. For your convenience, these share attributes are being presented in blackline form so that shareholders can easily identify changes from the existing share attributes. In this appendix, “^” indicates that words have been deleted from the existing share attributes and **bolded and double-underlined words** indicate an addition to the language of the existing share attributes.

payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Senior Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Senior Preferred Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions of the Junior Preferred Shares and the Common Shares and over any other shares ranking junior to the Senior Preferred Shares as may be determined in the case of such series of Senior Preferred Shares.

1.3 Voting Rights. Except as hereinafter referred to or as otherwise provided by law, the holders of the Senior Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation and no series of Senior Preferred Shares shall entitle the holder of shares of such series to vote at any meeting of shareholders of the Corporation except, if provided in the rights, privileges, restrictions and conditions attaching to such series, in the event the Corporation shall be in arrears in the payment of dividends, redemption moneys or other amounts properly payable to the holders of shares of such series.

1.4 Approval of Holders of Senior Preferred Shares. The rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of Senior Preferred Shares given as hereinafter specified.

The approval of the holders of Senior Preferred Shares to add to, change or remove any right, privilege, restrictions or conditions attaching to the Senior Preferred Shares as a class or any other matter requiring the consent of the holders of the Senior Preferred Shares as a class may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Senior Preferred Shares duly called for that purpose. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Business Corporations Act* (Ontario) (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Senior Preferred Shares as a class, or at a joint meeting of the holders of two or more series of Senior Preferred Shares, each holder of Senior Preferred Shares entitled to vote thereat shall have one vote in respect of each \$1.00 of the issue price of each Senior Preferred Share held by him.

2. Junior Preferred Shares

The Junior Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

2.1 Directors' Authority to Issue in One or More Series. The directors of the Corporation may issue the Junior Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation shall fix the number of shares that will form such series and shall determine, subject to the limitations set forth herein, the designation, rights, privileges, restrictions and conditions to be attached to the Junior Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of dividends thereon, the currency or currencies of payment of dividends, the time and place of payment of dividends, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any) and the terms and conditions of any share purchase plan or sinking fund with respect thereto. Before the issue of the first shares of a series, the directors shall send to the Director (as defined in the *Business Corporations Act (Ontario)*) articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

2.2 Ranking of Junior Preferred Shares. No rights, privileges, restrictions or conditions attached to a series of Junior Preferred Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of Junior Preferred Shares then outstanding. The Junior Preferred Shares shall be entitled, subject to the prior rights of the holders of the Senior Preferred Shares, to priority over the Common Shares of the Corporation and over any other shares ranking junior to the Junior Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on return of capital in respect of a series of Junior Preferred Shares are not paid in full, the Junior Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Junior Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Junior Preferred Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions of the Senior Preferred Shares and the Common Shares and over any other shares ranking junior to the Junior Preferred Shares as may be determined in the case of such series of Junior Preferred Shares.

2.3 Voting Rights. Except as hereinafter referred to or as otherwise provided by law, the holders of the Junior Preferred Shares as a class shall not be entitled as such to receive notice of, to attend to or to vote at any meeting of the shareholders of the Corporation and no series of Junior Preferred Shares shall entitle the holder of shares of

such series to vote at any meeting of shareholders of the Corporation except, if provided in the rights, privileges, restrictions and conditions attaching to such series, in the event the Corporation shall be in arrears in the payment of dividends, redemption moneys or other amounts properly payable to the holders of shares of such series.

2.4 ^Approval of Holders of Junior Preferred Shares. The rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of Junior Preferred Shares given as hereinafter specified.

The approval of the holders of Junior Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Junior Preferred Shares as a class or of any other matter requiring the consent of the holders of the Junior Preferred Shares as a class may be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Junior Preferred Shares duly called for that purpose. The formalities to be observed in respect of ^giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Business Corporations Act* ^^(Ontario) (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Junior Preferred Shares as a class, or at a joint meeting of the holders of two or more series of Junior Preferred Shares, each holder of Junior Preferred Shares entitled to vote thereat shall have one vote in respect of each \$1.00 of the issue price of each Junior Preferred Share held by him.

3. ^Common Shares

The Common Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

3.1 **^Voting Rights. The holders of the Common Shares shall be entitled to vote at all meetings of shareholders of the Corporation except meetings at which only the holders of the Senior Preferred Shares as a class or the holders of one or more series of the Senior Preferred Shares are entitled to vote, or at meetings at which only the holders of the Junior Preferred Shares as a class or the holders of one or more series of the Junior Preferred Shares are entitled to vote and shall be entitled to one vote at all such meetings in respect of each Common Share held.**

3.2 **^Right to Property on Dissolution. After payment to the holders of the Senior Preferred Shares and the Junior Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares shall be entitled to receive any dividend declared by the board of directors of the Corporation and to receive the remaining property of the Corporation upon dissolution.**

SCHEDULE C

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange (the “TSX”) requires companies incorporated in Canada and listed on the TSX to respond to a number of guidelines to enhance the flow of information provided by Canadian public companies to their shareholders and other stakeholders (the “Guidelines”). The directors of the Corporation have reviewed the Guidelines and believe that the Corporation’s corporate governance practices are generally consistent with those set out in them. The Corporation is currently monitoring the development of further corporate governance disclosure requirements by the TSX and other regulators and will take appropriate action as they are finalized.

The following is a summary of the Corporation’s position with respect to a number of matters reflecting its corporate governance practices with specific reference to the Guidelines.

TSX Governance Guidelines

Governance Procedures of the Corporation

Guideline 1

The board should explicitly assume responsibility for stewardship of the Corporation and specifically for:

The Board is responsible for the management or supervision of management of the business and affairs of the Corporation with the objective of enhancing shareholder value. The roles and responsibilities of the Board and each of its committees are set out in formal written mandates that are reviewed annually to ensure they reflect best practices. The Board’s Corporate Governance and Nominating Committee is responsible for the oversight, monitoring and assessment of the Corporation’s corporate governance practices and procedures and recommending necessary changes to the Board.

Guideline 1(a)

the adoption of a strategic planning process

The Board is responsible for the adoption of a strategic planning process and the annual approval and review of a strategic plan which involves an analysis of risks relating to significant aspects of the business and operations of surrounding major issues of interest to the Corporation and its subsidiary, Home Trust Company, and the development of major initiatives and the raising of capital.

TSX Governance Guidelines

Governance Procedures of the Corporation

Guideline 1(b)

the identification of the principal risks of the Corporation's business and ensuring implementation of appropriate systems to manage those risks

The Board, through its Audit and Risk Management Committee, considers the principal risks of the Corporation's business and ensures the implementation of appropriate systems to manage those risks.

Guideline 1(c)

succession planning, including appointing, training and monitoring senior management

The Board's Human Resources and Compensation Committee oversees the administration of the Corporation's processes for the development, succession and compensation of senior management, including appointing, training and monitoring senior management.

Guideline 1(d)

a communications policy for the Corporation

The Board has adopted a Corporate Communications Policy that governs the timely disclosure of all material information. The Corporation also communicates with shareholders and other stakeholders by way of its annual and quarterly reports, annual information form, news releases, website and other means.

Guideline 1(e)

the integrity of the Corporation's internal control and management information systems

The Board's Audit and Risk Management Committee oversees the development, maintenance and review of the internal control and management information systems of the Corporation and provides the Board with regular reports thereon.

Guideline 2

A majority of directors should be “unrelated”, which under the Guidelines means a director who is independent of management and free from any business or other relationships that could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Corporation.

All directors standing for election on May 12, 2004, with the exception of the Chief Executive Officer (the “CEO”), Mr. Soloway, are “unrelated” according to the definition of “unrelated” set out in the Guidelines. Furthermore, none of the directors standing for election is a “significant shareholder”, defined in the Guidelines to be a shareholder with the ability to exercise a majority of the votes for the election of the Board of Directors.

Guideline 3

The Board has responsibility for applying the definition of “unrelated director” to each individual director and for disclosing annually the analysis of the application of the principles supporting this definition and whether the Board has a majority of unrelated directors.

The directors have determined that the Board, which consists of eight members, has seven members who are both non-management directors (i.e. not officers or employees of the Corporation or its subsidiaries) and unrelated directors, that the CEO is the only management director and related director on the Board, that 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.

Guideline 4

The Board should appoint a committee of directors composed exclusively of outside directors, a majority of whom are “unrelated” directors, with responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis.

The Board’s Corporate Governance and Nominating Committee, which is composed of four directors who are all unrelated directors and non-management directors, is responsible for the identification and nomination of candidates for election to the Board. This Committee is also responsible for the ongoing assessment of directors.

Guideline 5

The Board should implement a process, to be carried out by the nominating committee or other appropriate committee, for assessing the effectiveness of the Board, its

The Board’s Corporate Governance and Nominating Committee conducts an annual assessment of the effectiveness of the Board and its committees, as well as the effectiveness and contribution of each individual director. The results

TSX Governance Guidelines

Governance Procedures of the Corporation

committees and the contribution of individual directors.

of these assessments form the basis of recommendations to the Board for change.

Guideline 6

The Corporation should provide an orientation and education program for new directors.

The Board's Corporate Governance and Nominating Committee is responsible for the orientation and education of new directors appointed to the Board and the continuing education of directors. Furthermore, at regular Board meetings, directors are given presentations on various aspects of the business activities of the Corporation and its subsidiary, Home Trust Company, and the regulatory environment in which they operate.

Guideline 7

The Board should examine its size and undertake where appropriate, a program to reduce the number of directors to a number which facilitates effective decision-making.

The Board has considered this Guideline and has determined that eight is the optimum number of members at this time.

Guideline 8

The Board should review the adequacy and form of compensation of directors and ensure the compensation realistically reflects the responsibilities and risks involved in being an effective director.

The Human Resources and Compensation Committee of the Board reviews directors' compensation to ensure it is competitive and consistent with the responsibilities and risks of being an effective director. The report of this Committee on the compensation of directors is set out in the "Report on Director and Executive Compensation" section of this Management Information Circular.

Guideline 9

Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated, although some Board committees may include one or more inside directors.

The Board has five committees, being the Audit and Risk Management Committee, Human Resources and Compensation Committee, Corporate Governance and Nominating Committee, Investment Committee and Executive Committee. With the exception of the Investment and Executive Committees, all Board committees are composed

TSX Governance Guidelines

Governance Procedures of the Corporation

solely of outside directors who are unrelated. The CEO, who is the only related director on the Board, is a member of the Investment and Executive Committees and attends meetings of the other committees when invited.

Guideline 10

The Board should assume responsibility for, or assign to a committee of directors the general responsibility for, developing the approach to governance issues, including the Corporation's response to these governance guidelines.

The Board's Corporate Governance and Nominating Committee monitors best practices for corporate governance and reviews the Corporation's governance practices to ensure they meet or exceed industry standards.

Guideline 11

The Board, together with the CEO, should develop position descriptions for the Board and for the CEO, involving the definition of the limits to management's responsibilities. The Board should approve or develop corporate objectives which the CEO is responsible for meeting.

The Board had adopted a mandate that contains a position description for the Board and limits to management's responsibilities. The Board sets corporate objectives which the CEO is responsible for meeting, and the performance of the CEO in this respect is assessed by the Human Resources and Compensation Committee and is set out in the "Report on Director and Executive Compensation" section of this Management Information Circular.

Guideline 12

The Board should have in place appropriate structures and procedures to ensure it can function independently of management. An appropriate structure would be to (i) appoint a chair of the Board who is not a member of management with responsibility to ensure the Board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the Board or to a director sometimes referred to as the "lead director". Appropriate procedures may involve the Board meeting on a regular basis without management present and may

The Chairman of the Board of the Corporation is an unrelated director and holds no management position with the Corporation and is responsible for ensuring that the Board operates independently of management. The Board meets regularly without management present.

involve assigning the responsibility for administering the Board's relationship to management to a committee of the Board.

Guideline 13

The Audit Committee should be composed only of outside directors. The roles and responsibilities of the Audit Committee should be defined to provide appropriate guidance to the Audit Committee members as to their duties. The Audit Committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The Audit Committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

The Audit and Risk Management Committee is composed of five outside, unrelated directors. It meets on at least four occasions each year with external auditors in attendance. At each meeting, the Committee has a session with the external auditor without management present. The Committee also discusses the question of auditor independence with the auditors, specifically addressing all matters required by applicable standards including the provision of non-auditing services.

All members of the Audit and Risk Management Committee are "financially literate" and at least one member has accounting and related financial expertise in accordance with the following definition of these terms as determined by the Board. The definition of "financially literate" is the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto and the definition of "accounting or related financial expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

The following is a summary of the mandate of the Audit and Risk Management Committee. The Committee is responsible for reviewing, recommending or approving the Corporation's external audit plan, the evaluation of auditor independence, the internal auditing process, accounting standards and practices, determination of non-audit services the external auditors are providing, the remuneration, evaluation and termination of external auditors, financial information and accounting systems, internal

TSX Governance Guidelines

Governance Procedures of the Corporation

control and data security procedures, financial and other risk management, the Corporation'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 the Code of Conduct.

Guideline 14

The Board should implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.

Committees of the Board and individual directors may, with the approval of the Chairman of the Board, retain external advisors at the expense of the Corporation in appropriate circumstances.

Although not mentioned in the Guidelines, the Corporation considers it important to have measures in place for receiving shareholder feedback and for dealing with shareholder concerns. The Corporation in both its quarterly and annual reports sets out the name and phone number of the person to contact at the Corporation who is to deal with such feedback and concerns.