



**HOMESERVE TECHNOLOGIES INC.**

**Management Information Circular**

**Relating to the Annual Meeting of Shareholders**

May 31, 2008

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "**Meeting**") of shareholders of HOMESERVE TECHNOLOGIES INC. (the "**Corporation**") will be held at 39 Wynford Drive, Toronto, Ontario on Friday, the 11<sup>th</sup> day of July, 2008 at 9:00 a.m. (Toronto time) for the following purposes:

- to receive the annual report of the Corporation and the consolidated financial statements of the Corporation for the fiscal year ended February 29, 2008 together with the auditors' report thereon;
- to appoint auditors of the Corporation and to authorize the directors to fix the remuneration of the auditors;
- to elect directors of the Corporation; and
- to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Copies of the management information circular (the "**Circular**") and form of proxy accompany this notice. The specific details of the matters proposed to be put before shareholders at the Meeting are set forth in the Circular accompanying and forming part of this notice. Shareholders are directed to read the Circular carefully in evaluating the matters for consideration at the Meeting. In addition information related to the Corporation is available at Sedar at [www.sedar.com](http://www.sedar.com).

Only Shareholders of record as at June 2, 2008 are entitled to vote their common shares at the Meeting, or at any adjournment thereof, either in person or by proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete, sign and date the accompanying form of proxy in accordance with the instructions provided therein and in the Circular and return it in the envelope provided for that purpose in accordance with the instructions and timelines set forth in the Circular.

DATED this 31<sup>st</sup> day of May, 2008.

By Order of the Board

(signed) Joseph S. Freedman  
Chairman of the Board

## GLOSSARY OF TERMS

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation;

"**Common Shares**" means common shares in the capital of the Corporation;

"**Debenture**" means a convertible debenture in the principal amount of \$2,000,000, bearing interest at the prime rate, payable quarterly in arrears, maturing April 13, 2009, and convertible into Series B Preferred Shares;

"**Non-Voting Common Shares**" means non-voting common shares in the capital of the Corporation to be issued upon conversion of the Series D Preferred Shares;

"**OBCA**" means the *Business Corporations Act* (Ontario) and regulations thereto, as amended from time to time;

"**Record Date**" means June 2, 2008;

"**Series A Preferred Shares**" means the series A preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 9% and a cumulative aggregate participation dividend equal to 0.64% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

"**Series B Preferred Shares**" means the series B preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 9% and a cumulative aggregate participation dividend equal to up to 11.0% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

"**Series C Preferred Shares**" means the series C preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 10% and a cumulative aggregate participation dividend equal to up to 9.25% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

"**Series D Preferred Shares**" means the series D preferred shares in the capital of the Corporation, having a non-cumulative fixed dividend of 3.50%, convertible into Non-Voting Common Shares, as more particularly described in the Circular;

"**Stock Option Plan**" means the stock option plan for directors, key employees and service providers of the Corporation;

"**TBI**" means Trilon Bancorp Inc., a corporation amalgamated under the laws of the Ontario, and a subsidiary of Brookfield Asset Management Inc.; and

"**TSX**" means the Toronto Stock Exchange.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

**This Circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting.** References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however proxies may also be solicited personally by telephone or by facsimile by the directors and/or officers of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the Common Shares. The cost of any such solicitation will be borne by the Corporation.

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation and will represent management at the Meeting. **A Shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the office of the Transfer Agent indicated on the enclosed envelope at least 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used. A proxy should be executed by a Shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.**

A Shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Common Shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Shareholder or by his attorney duly authorized in writing, and deposited either at the registered office of the Corporation or the office of its Transfer Agent at any time up to and including the last business day preceding the date of the Meeting or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof in any other manner permitted by law.

A Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

### Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of passing each of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

## Advice to Beneficial Holders of Shares

**The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of Shareholders do not hold Common Shares of the Corporation in their own name.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (formerly Independent Investor Communications Corporation) ("**ADP**"). ADP normally prepares a "Voting Instruction Form" (the "VIF") based upon the Corporation's form of proxy, which ADP then distributes to Beneficial Shareholders. The VIF must then be returned to ADP by the Beneficial Shareholder to be valid. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Shareholder receiving an ADP VIF cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted at the Meeting.** Some brokers who do not use ADP's services send out the Corporation's form of proxy to Beneficial Shareholders, executed by the broker but otherwise incomplete; the Beneficial Shareholder must mark the proxy how he or she wishes to vote and return the proxy either directly to the Transfer Agent or to the broker, who will then forward the proxy to the Transfer Agent.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxy holder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.** If a non-registered holder has voted by mail and would like to change its vote, the non-registered holder should contact its nominee to discuss whether this is possible and what procedures such non-registered holder should follow.

## Voting Shares and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of Non-Voting Common Shares and an unlimited number of preference shares issuable in series. As at the date hereof, 3,443,687 Common Shares, 1,280,000 Series A Preferred Shares, 22,000,000 Series B Preferred Shares, 18,500,000 Series C Preferred Shares and 3,500,000 Non-Voting Common Shares are issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at the Meeting. The Non-Voting Common Shares, the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares do not entitle the holder thereof to vote.

The Corporation has fixed June 2, 2008 as the Record Date for the purpose of determining Shareholders entitled to receive notice of the Meeting. In accordance with the provisions of the OBCA, the Corporation will prepare a list of holders of Common Shares at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote at the Meeting the Common Shares shown opposite his name on the list except to the extent that such shareholder has transferred any of his Common Shares after the date on which the list was prepared, and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of the Common Shares and demands not later than 10 days before the Meeting to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote such Common Shares at the Meeting.

A quorum for the transaction of business at the Meeting is the presence of two shareholders of the Corporation holding Common Shares, present in person.

As at the date hereof the following table sets forth the only person who, to the knowledge of the directors and senior officers of the Corporation, beneficially owns or exercises control or direction over securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares</b>
Trilon Bancorp Inc.	1,652,905	48.0%

On April 13, 2004, TBI acquired 3,500,000 Series D Preferred Shares, which were converted in March 2006 into 3,500,000 Non-Voting Common Shares on the basis of one Non-Voting Common Share for each Series D Preferred Share. TBI acquired 18,500,000 Series C Preferred Shares, based on the aggregate revenue earned pursuant to certain software license agreements. In fiscal 2004, 2,000,000 Series B Preferred Shares were issued to TBI upon conversion of the Debenture on the basis of one Series B Preferred Share for each \$1.00 principal of Debenture converted.

No person is authorized to give any information or to make any representation with respect to matters set forth in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute the solicitation of a proxy, by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such proxy solicitation.

## ELECTION OF DIRECTORS

The number of directors to be elected at the meeting is five. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director will hold office until the next annual meeting or until his or her successor is elected or appointed unless his office is earlier vacated in accordance with the Corporation's by-laws and the OBCA. The following information is submitted with respect to the nominees for director.

The statement as to the Common Shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the nominee.

<u>Name and municipality of residence</u>	<u>Position and/or office with Homeserve</u>	<u>Present principal occupation if different from office held</u>	<u>Period during which served as a director</u>	<u>Homeserve Shares beneficially owned or controlled as at May 31, 2008<sup>(7)</sup></u>
Joseph S. Freedman <sup>(2)</sup> Toronto, Ontario, Canada	Chairman of the Board and Director	Managing Partner and General Counsel, Brookfield Asset Management Inc.	Since September 13, 2002	Nil
Jason D. Meretsky <sup>(1)(3)</sup> Toronto, Ontario, Canada	Director	Vice-President, Enghouse Systems Limited and EVP, Avid Life Media Inc.	Since September 13, 2002	5,200
Donald W. Paterson <sup>(1)(4)</sup> Toronto, Ontario, Canada	Director	President, Cavandale Corporation	Since 1996	4,470
William J. Danis <sup>(1)(5)</sup> Toronto, Ontario, Canada	Director	Chief Financial Officer, Med-Emerg International Inc.	Since October 20, 2005	Nil
James Dunbar <sup>(6)</sup> Toronto, Ontario, Canada	President and Chief Executive Officer and Director		Since June 24, 2005	Nil

Notes:

(1) Member of the Audit Committee

(2) **Joseph S. Freedman – Chairman of the Board of Directors.** Mr. Freedman was appointed to the Board of Directors on September 13, 2002. Mr. Freedman is currently Managing Partner and General Counsel, Brookfield Asset Management Inc. Mr. Freedman was General Counsel and Vice President, Brascan Financial Corporation from May, 2002 until his current appointment. Previously Mr. Freedman was the Vice President, Corporate Development and General Counsel of Clearpulse Inc., a developer of non-invasive health monitoring technology and e-health solutions (2000 – 2001). Prior to joining Clearpulse, Mr. Freedman practiced corporate and securities law with Goodman and Carr LLP (1997-2000) specializing in venture capital and other private equity transactions as well as public company mergers and acquisitions. Mr. Freedman completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School as well as an honours economics degree from the University of Alberta. Mr. Freedman was called to the bar in 1996 and is a member of the Law Society of Upper Canada.

- (3) **Jason D. Meretsky – Director** . Mr. Meretsky was appointed to the Board of Directors on September 13, 2002. Since May, 2004 Mr. Meretsky is Vice-President and General Counsel, Enghouse Systems Limited (and resigned the General Counsel position on May 12, 2008). Mr. Meretsky also holds the position of EVP, Corporate Development of Avid Life Media Inc. effective April 1, 2008. From January, 2003 to April, 2004, Mr. Meretsky practiced corporate and securities law with Goodman and Carr LLP. Mr. Meretsky joined the Corporation in February 1999 and resigned as General Counsel on January 6, 2003 and as Secretary on April 30, 2004. Mr. Meretsky completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School. Mr. Meretsky was called to the bar in 1996 and is a member of the Law Society of Upper Canada.
- (4) **Donald W. Paterson – Director**. Mr. Paterson was first elected to the Board of Directors in 1996. Since 1989, Mr. Paterson has been the President and founder of Cavandale Corporation, a strategic corporate consulting firm that specializes in providing corporate consulting services to emerging growth companies largely in the technology sector. Prior thereto, Mr. Paterson was a director and Vice-President at Wood Gundy Inc., a major Canadian investment dealer where he was principally involved in the identification and financing of emerging growth companies.-
- (5) **William J. Danis – Director**. Mr. Danis is Chief Financial Officer of Med-Emerg International Inc. (MEII). Prior to joining MEII in May 2003, Mr. Danis was a founding partner of Greybrook Corporation, a private equity investment company. Prior thereto Mr. Danis held senior investment roles with Working Ventures Canadian Fund Inc. and Royal Trust Enterprise Capital.
- (6) **James Dunbar –Director, President and Chief Executive Office of the Corporation**. Mr. Dunbar became President and Chief Executive Officer on May 19, 2005. Mr. Dunbar was Vice-President, Sales and Marketing from September 5, 2003 until May 19, 2005. From 2001 to 2003, Mr. Dunbar was Vice President, Financial Services and Vice President, Marketing and Business Development for Brookfield Business Services, an affiliated group of companies. Prior to joining Brookfield Business Services, Prior to joining Brookfield, Jim held leadership positions with Avco Financial Services and Scotiabank. Among his field experience Jim also holds an M.B.A., B.Comm in Marketing and B.A. in Economics.
- (7) As of May 31, 2008, the current directors and senior officers of the Corporation and its subsidiaries as a group owned beneficially, directly and indirectly, 9,670 Common Shares representing 0.28% of the issued and outstanding Common Shares and no Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares or Non-Voting Common Shares. TBI holds 1,652,905 Common Shares, 1,280,000 Series A Preferred Shares, 22,000,000 Series B Preferred Shares, 18,500,000 Series C Preferred Shares and 3,500,000 Non-Voting Common, representing 48.0% of the issued and outstanding Common Shares and 100% of each of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Non-Voting Common Shares.

## **COMPENSATION OF DIRECTORS**

Each of the non-management directors, William J. Danis, Donald W. Paterson and Jason Meretsky, received an annual retainer of \$10,000 for services rendered to the Board. Each non-management director also received a fee of \$500 for each meeting of the Board or subcommittee attended, in person or by telephone conference.

Management directors did not receive any compensation for services rendered to the Board in addition to that payable to them as Executive Officers. See "Statement of Executive Compensation – Summary Compensation Table" and "Interest of Insiders in Material Transactions".

### **Indebtedness of Directors and Officers**

As of the date hereof, no individual who is, or at any time during the most recently completed financial year of the Corporation ended February 29, 2008, was, a director or senior officer of the Corporation, no individual proposed as a nominee for election as a director of the Corporation and no associates or any such director, officer or proposed nominee, has been indebted to the Corporation or any of its subsidiaries, nor has any such individual's indebtedness to another entity at any time since the beginning of the most recently completed financial year been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation (or any of its subsidiaries) in connection with the purchase of securities of the Corporation.

### **Directors' and Officers' Liability Insurance and Indemnification**

The Corporation has acquired a directors' and officers' liability insurance policy in the amount of \$2 million per occurrence and \$2 million in the aggregate (the "Policy"), each of which contains industry

standard exclusions and deductibles. The Policy is designed to protect the Corporation and its directors against any legal action which may arise due to alleged wrongful acts on the part of directors and officers of the Corporation. The Corporation pays an aggregate annual premium of \$34,992 for the Policy, no part of which is payable by the directors or officers of the Corporation. No claims under the Policy have been made to date. The Corporation does not have any "key person" insurance.

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets out details of the compensation paid or payable by the Corporation by way of salary and bonus for services rendered during the Corporation's fiscal years ended February 29, 2008, February 28, 2007 and February 28, 2006 to the Corporation's Chief Executive Officer and each of the Corporation's other executive officers (as defined under applicable law) who served as executive officers as at February 29, 2008 and/or during the fiscal year ended February 29, 2008 and whose aggregate salary and bonus exceeded \$150,000 (collectively, the "**Executive Officers**"). Specific aspects of the compensation of the Executive Officers are dealt with in further detail in subsequent tables. All compensation figures are reported in Canadian dollars unless otherwise indicated:

Summary Compensation Table						
Name and Principal Position	Year ended Feb 28 or Feb 29	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Long-Term Compensation Securities Under Options Granted (#)	All Other Compensation (\$)
James Dunbar <sup>(1)(3)</sup> President and Chief Executive Officer	2008	\$166,667	\$80,750	\$9,400	Nil	Nil
	2007	\$113,855	\$130,000	\$4,840	Nil	Nil
	2006	\$78,664	\$18,500	\$2,135	Nil	Nil
Aleya Chattopadhyay <sup>(1)(4)</sup> VP Strategy and Business Development	2008	\$154,167	\$70,200	\$10,000	Nil	Nil
	2007	\$135,000	\$130,000	\$4,000	Nil	Nil
	2006	\$88,750	\$20,000	Nil	Nil	Nil
Andrew Titus <sup>(1)(5)</sup> General Manager, Move Services Programs	2008	\$115,419	\$60,450	\$4,912	Nil	Nil
Kevin Cash <sup>(1)(2)</sup> Chief Financial Officer	2008	Nil	Nil	Nil	Nil	Nil
	2007	Nil	Nil	Nil	Nil	Nil
	2006	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) See "Employment Arrangements with Executive Officers".
- (2) Mr. Cash commenced employment with the Corporation on January 6, 2003 and resigned on June 15, 2007.
- (3) Mr. Dunbar was appointed as President and Chief Executive Officer of the Corporation on May 19, 2005. Mr. Dunbar's compensation relates to a period prior to his appointment as Chief Executive Officer of the Corporation. See "Statement of Executive Compensation – Employment Arrangements with Executive Officers". Mr. Dunbar's compensation represents that portion of his total compensation paid by the Corporation. Prior to 2007, Mr. Dunbar also served as Vice President Marketing, Residential Income Fund Manager Limited, which was responsible for the balance of Mr. Dunbar's annual compensation.
- (4) Ms. Chattopadhyay was appointed Vice President, Strategy and Business Development of the Corporation on November 1, 2005.
- (5) Mr. Titus was appointed General Manager, Move Services Programs, May 7, 2007.

## **Employment Arrangements with Executive Officers**

James Dunbar was appointed as President and Chief Executive Officer of the Corporation on May 19, 2005. Mr. Dunbar does not have a written employment contract with the Corporation, nor does the Corporation have any contractual severance obligations to Mr. Dunbar.

Kevin Cash was appointed Chief Financial Officer of the Corporation on January 6, 2003. Mr. Cash does not have a written employment contract with the Corporation and has not received any compensation for his services to the Corporation to the date hereof. Mr. Cash resigned on June 15, 2007. No severance amount was paid to Mr. Cash.

Aleya Chattopadhyay was appointed Vice President Strategy and Business Development on November 1, 2005. Ms. Chattopadhyay was eligible for a success fee provided that the Corporation had executed an agreement with a major loyalty/affinity partner in 2006, which was approved by the Board of Directors, and further provided that such partner has agreed to a rollout of the program contemplated in such agreement. Ms. Chattopadhyay has agreed that she will not, for a period of one (1) year following the termination of her employment with the Corporation, solicit or induce any employee, customer or client to discontinue or alter their business relationship with the Corporation. The Corporation does not have any contractual severance obligations to Ms. Chattopadhyay.

Plinio Cardoni was appointed Vice President Finance of the Corporation in May, 2005. Mr. Cardoni does not have a written employment contract with the Corporation. Mr. Cardoni resigned as Vice President Finance and Secretary effective June 13, 2008 and no severance payments will be made in connection with this termination.

Andrew Titus was appointed General Manager, Move Services Programs on May 7, 2007. Mr. Titus received a one time signing bonus of \$20,000.00. Mr. Titus has agreed that he will not, for a period of one (1) year following the termination of his employment with the Corporation, solicit or induce any employee, customer or client to discontinue or alter their business relationship with the Corporation. The Corporation does not have any contractual severance obligations to Mr. Titus.

## **Stock Option Plan**

The Corporation does not have a Stock Option Plan.

## **Interest of Insiders in Material Transactions**

The section "Interest of Management and Others in Material Transactions" contained in the Corporation's 2008 Annual Information Form, is hereby incorporated by reference. A copy of this document is available on Company's web site and may also be obtained from the Corporation upon written request to the Secretary of the Corporation and has been filed and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Corporation's corporate governance practices have attempted to ensure that the Management is able to draw assistance from individual Board members as well as seek advice from the Board as a whole, when circumstances require it. In accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to disclose on an annual basis its approach to corporate governance. The Corporation's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. Where the Corporation does not so comply, it believes non-compliance is justifiable and its reasoning is provided. Corporate governance guidelines change from time to time. The Board does monitor pending regulatory initiatives and developments in the corporate governance area and will address them as appropriate.

### **Mandate of the Board:**

The Board assumes explicit responsibility for the stewardship of the Corporation directly and through its Audit Committee. The responsibilities of the Board have not been set out in a written mandate, but the Board is, among other matters, responsible for the following:

- **strategic planning** – overseeing the strategic planning process for the Corporation and reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives;
- **risk management** – assessing the major risks facing the Corporation and reviewing, approving and monitoring the manner of managing those risks;
- **Management** – hiring, setting compensation and monitoring the performance of senior management;
- **maintaining integrity** - reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, its internal controls and procedures for financial reporting and compliance with its code of ethics.

The Board reviews major strategic initiatives to ensure that the proposed actions are in accordance with Shareholder objectives. Prior to the beginning of each fiscal year, management presents its financial plan and its objectives for the current year in the context of the approved strategic plan. Management reports to the Board on a quarterly basis with respect to progress against management's current year's goals and analyzes financial results against the financial plan.

The Board ensures management has considered the principal risks of the Corporation's businesses and monitors those risks based on business reports prepared by Management. In addition, the Audit Committee reviews the findings of the Corporation's external auditors, and thereby provides additional awareness of the principal risks to the Corporation's businesses, and then reports thereon to the Board on a regular basis. (Refer to Appendix A to the Corporation's Annual Information Form dated May 31, 2008) The Audit Committee and the Board approve the AIF and MD&A prior to each being filed on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR").

### **Disclosure Policy:**

The objective of the Corporation's disclosure policy (the "Disclosure Policy") is to ensure that communications to the investing public about the Corporation are timely, factual and accurate and consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements. The Disclosure Policy extends to all employees of the Corporation. It covers disclosures in documents filed with securities commissions and written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders, speeches and presentations by management or other persons speaking on behalf of the Corporation and information contained on the Corporation's Web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as press conferences and conference calls.

A committee consisting of the Chief Executive Officer and the Chief Financial Officer (collectively, the "**Disclosure Committee**") has been appointed by the Directors to monitor management's and the Corporation's adherence to the Disclosure Policy. Material information will be publicly disclosed as soon as practicable via news releases. Once it is determined that a development is material, the Disclosure Committee will authorize the issuance of a news release, unless it is determined that such developments must remain confidential for the time being and appropriate control of that inside information is instituted. The Disclosure Committee will ensure that all persons with knowledge of such confidential information are informed of their obligation to keep the information confidential until it is

disclosed to the public and to refrain from buying securities of the Corporation or any other company that is affected by the confidential information.

### **Board Independence**

The Corporation considers each of Mr. Danis, Mr. Paterson and Mr. Meretsky to be independent members of the Board. Mr. Meretsky was Secretary of the Corporation until April 30, 2004. Mr. Meretsky ceased to be an employee of or receive an income from the Company in January, 2003.

The Corporation considers the Chair, Joseph Freedman, and the Chief Executive Officer, James Dunbar, to be non-independent directors. Mr. Freedman is employed by an affiliate of TBI, which owns 48% of the Common Shares in the capital of the Corporation, as well as all of the issued and outstanding Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and the Non-Voting Common Shares. Mr. Dunbar is the Chief Executive Officer of the Corporation.

### **Meetings of the Board:**

The Board meets at least once in each quarter, with additional meetings held when appropriate. Meetings of the Board may be held by teleconference or other electronic means, as needed to discharge its responsibilities, but in most instances these meetings are in person. The Board also meets annually to review and approve the annual business plan and long-term strategic plan.

The Audit Committee, comprised entirely of independent directors, meets with the Corporation's auditors without management present in connection with the approval of the audited consolidated financial statements of the Corporation. The independent directors do not typically meet without management. During the year ended February 29, 2008, four Board meetings and four meetings of the Audit Committee were held. Except as disclosed herein, all member of the Board and the Audit Committee, respectively, attended all Board meetings and Audit Committee meetings.

### **Other Directorships**

Mr. Paterson is a director of Angoss Software Corp., NewGrowth Corp. and Utility Corp.

### **Orientation and Continuing Education**

New Directors are provided with a brief history of the Corporation, together with an orientation package containing all of the Board's policies, committee charters and the Corporation's most recent Annual Report, Annual Information Form and Management Proxy Circular. The Board does not currently undertake any continuing education for directors. The Directors are experienced members, many of whom are or have been directors on boards of other issuers. The Board relies on professional assistance when judged necessary in order to be educated/updated on a particular topic.

### **Ethical Business Conduct**

The Corporation adopted a code of business conduct in May 2006. All members of management of the Corporation have acknowledged receipt of a copy of and are subject to the Corporation's code of business conduct. The code of business conduct is published on the Corporation's website at [www.homeserve.ca](http://www.homeserve.ca) and a copy filed on SEDAR.

### **Nomination of Directors**

The full Board periodically assesses the Corporation's governance, proposes new nominees for appointment to the Board; and orienting new Directors. The process by which the Board identifies new candidates for board nomination begins with the approval by the Board of an outline of the skills-sets and background which are desired in a new candidate. Board members or management may suggest candidates

for consideration by the Board. Prospective candidates are interviewed by the Chair and by other Board members on an *ad hoc* basis. An invitation to join the Board is extended only after the Board has reached a consensus on the appropriateness of the candidate.

### **Compensation**

Because of the relatively small number of employees employed by the Corporation, the Board is responsible for reviewing and approving salary, bonus, and other benefits, and any change control packages of the Chief Executive Officer and other members of the senior Management Team, administration of the Corporation's compensation plan and establishment and periodic review of the Corporation's policies in the area of Management benefits and perquisites.

The Corporation's executive compensation program consists of the following components: base salary, annual incentive compensation such as bonuses, and benefits and other perquisites, such as life insurance and health plans.

Base salaries are determined on a discretionary basis taking into account the executive's responsibilities, skills, sustained performance and the achievement of corporate objectives. The Chief Executive Officer's salary is reviewed annually by the Board on the basis of the above criteria and adjusted accordingly. The Chief Executive Officer is also eligible to receive an annual bonus as determined by the Board based on his responsibilities and performance, achievement of corporate objectives and the Corporation's financial performance. See "Compensation of Executive Officers – Summary Compensation Table".

### **Assessment of the Board**

Due to the relatively small size of the Board, it has not conducted a formal assessment of the Directors since the Corporation's restructuring in 2002.

### **AUDITORS, AND TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, Toronto-Dominion Centre, P.O. Box 251, Toronto, Ontario, Canada, M5K 1J7.

The transfer agent and registrar for the Common Shares of the Corporation is Computershare Trust Company of Canada, 100 University Avenue, 11<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1.

### **ANNUAL BUSINESS**

#### **Receipt of Financial Statements**

The audited financial statements of the Corporation for the fiscal year ended February 29, 2008 and the report of the auditors thereon will be presented at the Meeting.

#### **Re-Appointment of Auditors**

It is proposed that Ernst & Young LLP, Chartered Accountants, be re-appointed as auditors of the Corporation at the Meeting.

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Ernst & Young LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

## **Other Matters**

Management of the Corporation is not aware of any other matters that are to be presented at the Meeting other than matters referred to in the Notice of Meeting. If any matters other than those referred to in this Circular should be presented at the Meeting, however, the persons named in the enclosed proxies are authorized to vote the shares represented by the proxies in accordance with their best judgment.

## **LEGAL MATTERS**

Cohen, Barristers & Solicitors, counsel to the Corporation, has advised the Corporation with respect to certain legal matters disclosed in this Circular.

## **ADDITIONAL INFORMATION**

Additional information, is contained in the Corporation's Annual Information Form and in the comparative financial statements for the fiscal year ended February 29, 2008, which are contained in the Corporation's 2008 Annual Report, which information is incorporated herein by reference. Additional information about the Corporation has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **AUDIT COMMITTEE INFORMATION**

Disclosure required by Multilateral Instrument 52-110-Audit Committees may be found in the section entitled "Audit Committee" in the Corporation's Annual Information Form for 2008.

## **DIRECTORS' APPROVAL**

Each of the contents of this Circular and the delivery thereof to the shareholders of the Corporation has been approved by the Board of Directors. Information contained in this Circular is given as of May 31, 2008, unless otherwise stated.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF HOMESERVE TECHNOLOGIES INC.**

(signed) Joseph S. Freedman  
Chairman of the Board

Toronto, Ontario  
May 31, 2008