

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name FIRSTSERVICE CORPORATION		2 Issuer's employer identification number (EIN) 98-1099437	
3 Name of contact for additional information NEIL D. CHANDER	4 Telephone No. of contact 416-324-4370	5 Email address of contact NCHANDER@FIRSTSERVICE.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1140 BAY STREET, SUITE 4000		7 City, town, or post office, state, and Zip code of contact TORONTO, ON M5S2B	
8 Date of action MAY 3, 2013		9 Classification and description 7% CUMULATIVE PREFERENCE SHARES, SERIES 1	
10 CUSIP number 33761N 208	11 Serial number(s)	12 Ticker symbol FSV.PR.U.	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ ON MAY 3, 2013, FIRSTSERVICE CORPORATION REDEEMED 1,569,190 OF 5,230,634 TOTAL OUTSTANDING SERIES 1 PREFERRED STOCK ("PREFERRED STOCK") FOR CASH OF \$25.1582 PER SHARE OR \$39,478,031 IN AGGREGATE. ON MAY 3, 2013, IMMEDIATELY AFTER THE REDEMPTION, THE REMAINING 3,661,144 OF PREFERRED STOCK WAS CONVERTED INTO SUBORDINATE VOTING STOCK ("COMMON STOCK") IN THE RATIO OF 0.7943 COMMON SHARES FOR EACH PREFERRED SHARE CONVERTED. FSC DID NOT ISSUE FRACTIONAL COMMON STOCK IN THE CONVERSION AND INSTEAD PAID CASH EQUAL TO THE MARKET VALUE OF THE FRACTIONAL COMMON STOCK AT THAT TIME.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE CONVERSION OF THE PREFERRED STOCK REMAINING AFTER THE REDEMPTION INTO COMMON STOCK AS DESCRIBED ABOVE WOULD DECREASE A U.S. TAXPAYER'S BASIS IN THE PREFERRED STOCK TO \$NIL. THE BASIS IN THE COMMON STOCK TAKEN BACK IN THE EXCHANGE WOULD BE EQUAL TO THE BASIS THAT SUCH U.S. SHAREHOLDER HAD IN THE PREFERRED STOCK HELD IMMEDIATELY BEFORE THE CONVERSION. THE CASH PAID TO U.S. SHAREHOLDERS IN LIEU OF ISSUING FRACTIONAL SHARES ON THE CONVERSION WOULD BE TREATED AS A DIVIDEND FOR U.S. TAX PURPOSES AND THUS DOES NOT HAVE ANY IMPACT ON THE U.S. TAXPAYERS' BASIS.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ IF THE REDEMPTION OF THE PREFERRED STOCK IS TREATED AS A SALE OR EXCHANGE BY THE U.S. TAXPAYER, THE REDUCTION IN BASIS WILL DEPEND ON WHETHER ADEQUATE IDENTIFICATION CAN BE MADE BY THE U.S. TAXPAYER OF THE PREFERRED STOCK SOLD. IF SUCH A DETERMINATION CANNOT BE MADE, THE U.S. TAXPAYER IS REQUIRED TO USE A "FIRST-IN, FIRST-OUT" (FIFO) METHOD TO DETERMINE HOW MUCH TO REDUCE THE BASIS OF THE PREFERRED SHARES. AFTER THE CONVERSION, THE U.S. TAXPAYER WILL NO LONGER OWN ANY PREFERRED STOCK OF FIRSTSERVICE CORPORATION. THEREFORE, THE EFFECT OF THE REDEMPTION AND SUBSEQUENT CONVERSION TO ANY U.S. SHAREHOLDER'S BASIS WOULD BE TO DECREASE THE BASIS OF THE PREFERRED STOCK TO \$NIL.

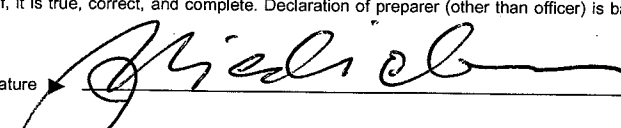
Part II Organizational Action (continued)

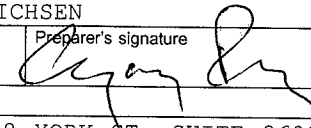
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SECTION 302, IRC SECTION 306, REG. SECTION 1.1012-1(c), IRC SECTION 368(a)(1)(E), and IRC SECTION 301.

18 Can any resulting loss be recognized? ▶ TO THE EXTENT THAT THE REDEMPTION IS TREATED AS A SALE OR EXCHANGE, A U.S. TAXPAYER SHOULD BE PERMITTED TO CLAIM A LOSS ON THE DISPOSITION OF THOSE PREFERRED SHARES SO REDEEMED.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ FIRSTSERVICE CORPORATION IS A FOREIGN CORPORATION THAT DOES NOT HAVE U.S. EFFECTIVELY CONNECTED INCOME. THE REPORTABLE YEAR IS 2013.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
 Signature ▶  Date ▶ May 10, 2013
 Print your name ▶ JOHN B FRIEDRICHSEN Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>GREGORY J. PAPINKO</u>		<u>5/10/2013</u>		<u>01452981</u>
	Firm's name ▶ <u>PWC</u>	Firm's EIN ▶ <u>98-0189320</u>			
	Firm's address ▶ <u>PWC TOWER, 18 YORK ST, SUITE 2600, TORONTO, ON CDA</u>	Phone no.			

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054