

CATERPILLAR INC  
Form 8-K  
October 13, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**  
Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 13, 2004**

**CATERPILLAR INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**1-768**  
(Commission File Number)

**37-0602744**  
(IRS Employer I.D. No.)

**100 NE Adams Street, Peoria, Illinois**  
(Address of principal executive offices)

**61629**  
(Zip Code)

Registrant's telephone number, including area code: **(309) 675-1000**

**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

The following release was issued by Caterpillar on October 13, 2004:

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October 13, 2004

**FOR IMMEDIATE RELEASE**

**Caterpillar Creates New Electric Power and  
Specialty Industries Divisions**

*Rohner and Williams Elected Vice Presidents in Restructuring*

Peoria, Ill. - Caterpillar Inc. (NYSE: CAT) announced today a restructuring resulting in two new divisions to provide executive leadership and greater focus to the growth sectors of electric power generation and specialty products. The Board named William J. Rohner a Caterpillar vice president to lead the new Electric Power Division. Current Vice President Donald G. Western will assume responsibility for the new Specialty Industries Division. To replace Western as leader of the Track-Type Tractors Division, the Board elected Robert T. Williams a Caterpillar vice president. All three moves are effective December 1, 2004.

The Electric Power Division will include the global design, packaging and marketing responsibilities for Caterpillar electric power generation products, including U.S. operations in Illinois and Georgia and international operations in Northern Ireland, India, China and Brazil. The Electric Power Division will include products branded with the FG Wilson, Olympian and Caterpillar names. The new division will also manage the important joint venture relationship with Eaton Corporation.

The electric power industry is a tremendous growth opportunity, particularly in emerging markets. Bill Rohner brings the right mix of operations expertise, global business acumen and proven people skills to guide our global expansion in this industry, said Chairman and CEO Jim Owens.

Rohner, 52, began his Caterpillar career in 1972 and held a number of manufacturing, accounting, business analysis and technical services positions. In 1995, he became operations manager for the remanufacturing facility in Corinth, Miss. He moved to Japan in 1996 as managing director of Shin Caterpillar Mitsubishi, Ltd., returning to the U.S. in 1998 for leadership positions in the Track-Type Tractors Division and Transmission Business Unit. In 2000, he assumed his current responsibility as managing director of Caterpillar Brasil Ltd.

This restructuring also allows us to position ourselves to better manage profitable growth in the paving, forestry and work tools businesses. These areas represent unique challenges because customers require solutions tailored to their specific needs by application and region. Don Western offers both the experience and entrepreneurial spirit we need in this division to support dealers and serve customers with the right products at the right time, said Owens.

Western, 56, joined the company in 1971 and held a variety of managerial positions in manufacturing and materials. He served as managing director of Caterpillar Belgium S.A. from 1990 to 1995. He was elected a vice president in 1995 and has had responsibility for Caterpillar's Engine Operations, Large Power Systems and Track-Type Tractor Divisions.

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Williams, 56, is currently director of manufacturing research and development in Caterpillar's Technology and Solutions Division. He began his Caterpillar career in 1966 as a machinist apprentice in East Peoria and went on to a series of leadership positions in manufacturing and technology.

Bob has an exemplary knowledge of the manufacturing processes that will benefit our core machinery business in Track-Type Tractors. His leadership of Caterpillar's Class A and Lean Initiatives has been instrumental in our drive for operational excellence. In this new role, I expect him to have a very positive impact on our order fulfillment initiative while maintaining the leading market position and furthering the values-based culture we've cultivated in our tractors division, said Owens.

Our people are among my top priorities, and building a team of engaged people begins with strong leadership. I believe the appointments we announced today demonstrate the worldwide bench strength of our leadership team and the diverse expertise and international experience they bring to our growing global business, Owens concluded.

For more than 75 years, Caterpillar Inc. has been building the world's infrastructure and, in partnership with its worldwide dealer network, is driving positive and sustainable change on every continent. With 2003 sales and revenues of \$22.76 billion, Caterpillar is a technology leader and the world's leading manufacturer of construction and

mining equipment, clean diesel and natural gas engines and industrial gas turbines. More information is available at [www.cat.com](http://www.cat.com).

**For more information, contact:**

Kelly Wojda  
Corporate Public Affairs  
(309)675-1307  
[wojda\\_kelly\\_g@cat.com](mailto:wojda_kelly_g@cat.com)

**Biographical Information**

**Donald G. Western**

Donald G. Western is vice president of Caterpillar Inc. with responsibility for the Track-Type Tractors Division. The division designs and markets the D6 through D11 track-type tractors as well as the four-model range of pipelayers.

Western began his career with the company in East Peoria Plant Operations in 1971. He built an extensive background in manufacturing and management serving as an assembly foreman, purchasing engineer and buyer, material requirements superintendent and factory superintendent in East Peoria, Ill. He also held leadership positions in Operations at Caterpillar's Aurora, Ill., facility, including manufacturing manager, materials manager and materials requirements manager.

He advanced his international experience as managing director of Caterpillar Belgium S.A. from 1990 to 1995.

He was named a Caterpillar vice president in 1995, when he became head of Caterpillar's Engine Operations. He also served as vice president with responsibility for Caterpillar's Large Engine Products and Fuel Systems Division. He assumed leadership of the Track-Type Tractors Division in 2002.

Western has a bachelor's degree from the University of Wisconsin-Eau Claire and a master's degree in Business Administration from the University of Missouri-Columbia. He is a graduate of Northwestern University's Advanced Executive Program and completed Brookings Institute's Inside Washington: Business & Public Policy Program.

He is on the Advisory Board of the Salvation Army-Heartland Division and Carter Machinery Board of Directors. He also serves as vice president of the Board for the Catholic Charities of the Diocese of Peoria and as chairman of the IHSA State Basketball Tournament Steering Committee.

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**William J. Rohner**

William J. Rohner is currently managing director of Caterpillar Brasil Ltd. in Piracicaba.

He began his Caterpillar career in 1972 and held a number of manufacturing, accounting, business analysis and technical services positions in Illinois facilities, including East Peoria, Peoria (General Offices), Mossville and Aurora. In 1988, he became cost accounting manager in Joliet, Ill., and then, in 1989, factory engineering manager in East Peoria, Ill. In 1995, he became operations manager for the Caterpillar remanufacturing facility in Corinth, Miss.

He moved to Japan in 1996 as managing director of Shin Caterpillar Mitsubishi, Ltd., and returned to the U.S. in 1998 for leadership positions in the Track-Type Tractors Division and Transmission Business Unit. He assumed his current responsibility in 2000.

Rohner graduated with a Bachelor of Science degree in Industrial Engineering from Iowa State University in 1975. He earned an Executive M.B.A. from the University of Illinois in 1988.

He serves on the boards of directors for The Nature Conservancy of Brazil and The Tropical Forest Foundation. He is a former board member of AMCHAM, the American Chamber of Commerce-Brazil.

**Robert T. Williams**

Robert T. Williams is currently director of manufacturing research and development in Caterpillar's Technology and Solutions Division.

He began his Caterpillar career in 1966 as a machinist apprentice in East Peoria. He became a shop foreman in 1974 and went on to a series of leadership positions in manufacturing and technology.

In 1989, he became a factory manager in the Track-Type Tractors Division. He moved to Decatur in 1993 to assume the role of technical resources manager in the Mining & Construction Equipment Division.

Williams became the general manager of Mapleton foundry operations for the Performance Engine Products Division in 1998. He was appointed director of manufacturing in the Operations Support and Technology Department of the Technical Services Division in 2002. He assumed his current role in 2003.

He graduated from Caterpillar's Machinist Apprentice Program in 1970 and attended the Caterpillar Advanced Management Program in 1996. He completed the Global Management for Engineers Executive Program at the Carnegie Bosch Institute of Carnegie Mellon's Tepper School of Business in 2003.

Williams is a member of the American Foundry Society and the Society of Manufacturing Engineers. He also serves on the Advisory Board of the Foundry Educational Foundation and is a member of the Visiting Committee on Advanced Technology for the National Institute of Standards and Technology, an agency of the U.S. Commerce Department.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CATERPILLAR INC.**

October 13, 2004

By:

/s/ James B. Buda  
James B. Buda  
Vice President

t: -10pt; vertical-align: text-top" ROWSPAN=3 COLSPAN=1>Lori Senecal,  
President and CEO, The MDC Partner

Network<sup>(5)</sup> 2015 1,000,000 750,000 0 0 0 133,628 1,883,628 2014 924,000 350,000 1,115,000 0 0 205,281  
S. Nadal,

Former Chairman, Chief Executive Officer and

President 2015 1,539,000 0 0 0 0 375,000 1,914,000 2014 1,850,000 9,625,000 2,314,530 0 0 926,005 14,7

(1)Reflects the bonus paid in respect of performance in 2015, which amounts were paid in February 2016. As disclosed in the CD&A, the Company's practice is to require senior executives to sign Incentive/Retention Agreements in connection with each annual bonus payment, which agreement provide for a pro rata repayment of each bonus paid if he/she resigns or is terminated for cause within two years of the end of the performing year. With respect to each of the NEOs, the amount of the repayment obligations that lapsed and terminated in 2015 with respect to prior bonus awards was as follows: David Doft \$395,188; Lori Senecal \$246,740; Andre Coste \$360,715; and Robert Kantor \$390,446. In prior years, the Company disclosed the actual bonus expense

included in the Company's financial statements rather than the bonus paid for the fiscal year. The bonus reflected in the table for 2013 and 2014 has been restated for consistency.

Reflects the grant date fair value of the equity awards we granted to our NEOs as determined in accordance with FASB Topic 718. For a discussion of the assumptions relating to these valuations, please see Footnote (2) Significant Accounting Policies set forth in our annual report on Form 10-K for the year ended December 31, 2015.

25

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(3) All other compensation is composed of the following perquisites, personal benefits and other items for our NEOs in 2015:

Name	Perquisite Allowance	Housing Relocation Allowance	Health Insurance Premiums	Other Perquisites	Total
Scott Kauffman	34,135				34,135
David Doft	30,000		17,687		47,687
Andre Coste	50,000		17,687	8,358 (a)	76,045
Robert Kantor	18,000		20,367		38,367
Lori Senecal	24,000	89,261	20,367		133,628
Miles Nadal	375,000				375,000

(a) Includes amounts paid for family travel to Mr. Coste's former home in Paris, France and tax planning advisory fees. This Summary Compensation Table only reflects compensation paid to Mr. Kauffman in his capacity as CEO of the Company during the period of July 20, 2015 through December 31, 2015. Amounts paid to Mr. Kauffman in his capacity as a non-management director during the period of January 1, 2015 through July 20, 2015, are set forth under Director Compensation for Fiscal Year 2015.

(4) Ms. Senecal was not a named executive officer in 2013, and is no longer an executive officer of the Company effective as of December 31, 2015. Ms. Senecal is currently CEO of Crispin Porter & Bogusky LLC, a subsidiary of the Company.

## GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2015

Represents awards granted to our NEOs in fiscal 2015 under the Company's 2014 Long-Term Cash Incentive Plan (the **2014 LTIP Plan**). These grants vest at the end of the applicable three (3) year measuring period (December 31, 2017), subject to achievement of financial performance criteria and continued employment. The financial performance criteria are based on the following two specific metrics that are each given 50% weight: (i) three (3) year cumulative EBITDA growth as measured against the approved annual EBITDA targets for such period; and (ii) relative total shareholder return ( **TSR** ) based on share price appreciation and dividends as compared to a pre-defined comparator group ( **Comparator Group** ) over the same three (3) year period. For 2015, the EBITDA target is equal to \$198.4 million; and for 2016, the EBITDA target under the 2014 LTIP Plan is equal to \$217.3 million. A payout at the target opportunity (50%) for the EBITDA metric will be made if the Company achieves the three (3) year cumulative EBITDA target. Under the 2014 LTIP Plan, total TSR is calculated as A minus B expressed as a percentage, where A is the average per-share price of the applicable company's stock at the end of the applicable performance period, and B is the average per-share price of stock at the beginning of the applicable performance period. In addition, for purposes of calculations of TSR, cash dividends paid on a share of stock are deemed to be reinvested in the company's stock on the day they are paid at the average of the high and the low per-share price on that day. A payout at the target opportunity (50%) for the TSR metric will be made if the Company's TSR is at the 75<sup>th</sup> percentile relative to the Comparator Group. These awards also vest automatically upon a change in control of the Company, or subject to achievement of financial performance targets on a pro rata basis upon termination of the NEO's employment without cause. The Comparator Group is comprised of the following publicly-traded companies: Interpublic Group; Omnicom; WPP Plc; Harte Hanks; Clear Channel; Lamar Advertising; National CineMedia; Sizmek; Acxiom; Aimia; and ReachLocal.

(1) Mr. Kauffman did not receive any award in 2015 under the 2014 LTIP Plan because he was a non-employee director at the time grants were made to other senior executives.

Represents restricted stock granted to Mr. Kauffman in September 2015 under our 2011 Stock Incentive Plan. This grant was made pursuant to Mr. Kauffman's new employment agreement and his appointment as the new CEO, (2) effective July 20, 2015, and vests upon the third anniversary of the grant date subject to continued employment. This award will also vest automatically upon a change of control of the Company, or upon termination of employment without cause.

Reflects the grant date fair value of the equity awards we granted to our NEOs in fiscal 2015 as determined in accordance with FASB Topic 718. For a discussion of the assumptions relating to these valuations, please see (3) Footnote 2 Significant Accounting Policies set forth in our annual report on Form 10-K for the year ended December 31, 2015.

Mr. Nadal received an award under the 2014 LTIP Plan on January 26, 2015. However, the full amount of this (4) award was **terminated and forfeited** in connection with Mr. Nadal's resignation pursuant to his Separation Agreement with the Company.

27

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## Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

We have entered into employment agreements with all of our named executive officers, as described in more detail below.

### Scott L. Kauffman

MDC Partners has an employment agreement with Mr. Kauffman, effective July 20, 2015, pursuant to which Mr. Kauffman serves as our Chief Executive Officer. Mr. Kauffman's term of employment with the Company is for an indefinite period unless and until either Mr. Kauffman gives to the Company thirty (30) days advance written notice of resignation or the Company terminates Mr. Kauffman's employment, with or without Cause (as defined in his employment agreement).

Mr. Kauffman received an annualized base salary of \$1,100,000 during his term of employment in 2015 (increased to \$1,200,000 effective as of January 1, 2016), and he is eligible to receive an annual discretionary bonus in a target amount equal to 100% of his base salary, as determined by the Compensation Committee, based upon Mr. Kauffman's individual performance, the overall financial performance of the Company and such other factors as the Board shall deem reasonable and appropriate, to be paid in accordance with our normal bonus payment procedures. As part of his new employment agreement, Mr. Kauffman received a grant of 100,000 shares of MDC restricted stock on August 26, 2015. In 2015, Mr. Kauffman received a monthly perquisite allowance in an amount equal to \$6,250; however, commencing January 1, 2016, Mr. Kauffman no longer receives any perquisite allowance. Mr. Kauffman is eligible, but in 2015 declined to participate, in the Company's welfare benefit plans and programs including disability and group life (including accidental death and dismemberment insurance). He is also entitled to participate in the retirement plans and benefits in accordance with the plans or practices of the Company made available to the senior executives of the Company. The employment agreement also provides for severance payments if Mr. Kauffman's employment is terminated under specified circumstances. The amount and circumstances giving rise to these severance payments are discussed in further detail under the heading Potential Payments upon Termination or Change in Control.

### David B. Doft

MDC Partners has an employment agreement with Mr. Doft, effective August 10, 2007 (as amended on August 5, 2010), pursuant to which Mr. Doft serves as our Chief Financial Officer. Mr. Doft's term of employment is subject to automatic renewal for one-year periods, unless either party gives to the other a 45-day advance written notice of his or its intention not to renew. Mr. Doft currently is entitled to receive an annualized base salary of \$500,000 (increasing to \$650,000 effective as of January 1, 2016), and he is eligible to receive an annual discretionary bonus in a target amount equal to 100% of his base salary, as recommended by our CEO and determined by the Compensation Committee, based upon Mr. Doft's performance, the overall financial performance of the Company and such other factors as our CEO and the Board shall deem reasonable and appropriate, to be paid in accordance with our normal bonus payment procedures.

Mr. Doft also receives an annual perquisite allowance in an amount equal to \$30,000. Mr. Doft is eligible to participate in any welfare benefit plans and programs including disability, group life (including accidental death and dismemberment) and business travel insurance provided by the Company to its senior executives. He is also entitled to participate in the retirement plans and benefits in accordance with the plans or practices of the Company made available to the senior executives of the Company. The employment agreement also provides for severance payments

if Mr. Doft's employment is terminated under specified circumstances. The amount and circumstances giving rise to these severance payments are discussed in further detail under the heading Potential Payments upon Termination or Change in Control.

### **Andre Coste**

MDC Partners has an employment agreement with Mr. Coste, effective August 8, 2013, pursuant to which Mr. Coste currently serves as our Chief Operating Officer. Mr. Coste's term of employment with the Company is for an indefinite period unless and until either Mr. Coste gives to the Company three (3) months advance written notice of resignation or the Company terminates Mr. Coste's employment with or without Cause (as defined in his employment agreement).

28

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Mr. Coste currently receives an annualized base salary of \$575,000, and he is eligible to receive an annual discretionary bonus in a target amount equal to 100% of his base salary, as recommended by our CEO and determined by the Compensation Committee, based upon Mr. Coste's individual performance, the overall financial performance of the Company and such other factors as our CEO and the Board shall deem reasonable and appropriate, to be paid in accordance with our normal bonus payment procedures.

Mr. Coste also receives an annual perquisite allowance in an amount equal to \$50,000. Mr. Coste is eligible to participate in any welfare benefit plans and programs including disability, group life (including accidental death and dismemberment) and business travel insurance provided by the Company to its senior executives. He is also entitled to participate in the retirement plans and benefits in accordance with the plans or practices of the Company made available to the senior executives of the Company. In addition, Mr. Coste is entitled to receive reimbursement for airplane travel costs for him and his family to visit France once per year, and up to \$2,500 for the preparation of U.S. tax returns. The employment agreement also provides for severance payments if Mr. Coste's employment is terminated under specified circumstances. The amount and circumstances giving rise to these severance payments are discussed in further detail under the heading Potential Payments upon Termination or Change in Control.

## **Robert Kantor**

MDC Partners has an employment agreement with Mr. Kantor, effective May 5, 2014, pursuant to which Mr. Kantor serves as our Chief Marketing and Business Development Officer. Mr. Kantor's current term of employment with the Company is for an indefinite period unless and until either Mr. Kantor gives to the Company six (6) months advance written notice of resignation or the Company terminates Mr. Kantor's employment with or without Cause (as defined in his employment agreement).

Mr. Kantor currently receives an annualized base salary of \$500,000, and he is eligible to receive an annual discretionary bonus in a target amount equal to 100% of his base salary, as recommended by our CEO and determined by the Compensation Committee, based upon Mr. Kantor's individual performance, the overall financial performance of the Company and such other factors as our CEO and the Board shall deem reasonable and appropriate, to be paid in accordance with our normal bonus payment procedures.

Mr. Kantor also receives an annual perquisite allowance in an amount equal to \$18,000. Mr. Kantor is eligible to participate in any welfare benefit plans and programs including disability, group life (including accidental death and dismemberment) and business travel insurance provided by the Company to its senior executives. He is also entitled to participate in the retirement plans and benefits in accordance with the plans or practices of the Company made available to the senior executives of the Company. The employment agreement also provides for severance payments if Mr. Kantor's employment is terminated under certain circumstances. The amount and circumstances giving rise to these severance payments are discussed in further detail under the heading Potential Payments upon Termination or Change in Control.

## **Lori Senecal**

From May 2015 to December 31, 2015, Lori Senecal held the dual titles of President and Chief Executive Officer of The MDC Partner Network and Chief Executive Officer of the Company's subsidiary, Crispin Porter & Bogusky (CPB). As of January 1, 2016, Ms. Senecal assumed the exclusive role as Global Chief Executive Officer of CPB, and no longer served as an executive officer of the Company after December 31, 2015.

For 2015, Ms. Senecal received an annualized base salary of \$1,000,000, and was eligible to receive an annual discretionary bonus in a target amount equal to 100% of her base salary, as recommended by our CEO and determined

by the Compensation Committee, based upon Ms. Senecal's performance, the overall financial performance of the Company and such other factors as our CEO and the Board shall deem reasonable and appropriate, to be paid in accordance with our normal bonus payment procedures. Ms. Senecal also receives an annual perquisite allowance in an amount equal to \$24,000. In addition, in 2015 Ms. Senecal was paid a housing allowance of \$89,261 in connection with the relocation of her residence to Boulder, Colorado, where CPB's headquarters are located. Ms. Senecal is eligible to participate in any welfare benefit plans and programs including disability, group life (including accidental death and dismemberment) and business travel insurance provided by the Company to its senior executives. She is also entitled to participate in the

retirement plans and benefits in accordance with the plans or practices of the Company made available to the senior executives of the Company. The employment agreement also provides for severance payments if Ms. Senecal's employment is terminated without cause. The amount and circumstances giving rise to these severance payments are discussed in further detail under the heading Potential Payments upon Termination or Change in Control.

### Miles S. Nadal (former CEO)

On April 25, 2007, the Company entered into a Management Services Agreement (as amended and restated on May 6, 2013, the Services Agreement) with Miles Nadal and Nadal Management, Inc. to set forth the terms and conditions on which Miles Nadal previously provided services to the Company as its Chief Executive Officer. In connection with Mr. Nadal's resignation on July 20, 2015, the Company and Mr. Nadal terminated the Services Agreement and entered into a separation agreement (the Separation Agreement), dated as of July 20, 2015. Pursuant to the Separation Agreement, Mr. Nadal agreed, among other things, to (1) repay to the Company \$1,877,000 in connection with specified amounts paid to or for the benefit of Mr. Nadal and an affiliate; (2) repay to the Company \$10,581,605 in connection with cash bonus awards previously paid to Mr. Nadal, with such repayments to be made in five installments, with the last to be paid on December 31, 2017; and (3) customary non-disparagement and confidentiality obligations, reaffirmation of restrictive covenants, and an intellectual property rights assignment. During the period of January 1, 2015 through and including the termination of his employment on July 20, 2015, Mr. Nadal was paid his pro-rated base retainer and perquisite allowance in an aggregate amount equal to \$1,914,000. Mr. Nadal was not paid any incentive or severance under the Separation Agreement.

The following table sets forth information regarding the outstanding awards under our equity incentive plans held by our named executive officers at 2015 fiscal year end.

## OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards:	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)	Awards: Number of Unearned Shares, Other Rights that Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Scott Kauffman	37,500 <sup>(1)</sup>		5.97	April 28,	117,866 <sup>(1)</sup>	2,560,050 <sup>(1)</sup>		

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2016

David B. Doft			
Andre Coste			17,963 <sup>(2)</sup> 390,156 <sup>(2)</sup>
Robert Kantor	37,500 <sup>(3)</sup>	814,500 <sup>(3)</sup>	
Lori Senecal	50,000 <sup>(4)</sup>	1,086,000 <sup>(4)</sup>	
Miles Nadal			

Mr. Kauffman received the following grants in connection with his prior service as a non-employee member of the Board: 9,855 restricted shares granted on March 7, 2013; 4,441 restricted shares granted on May 5, 2014; and 3,570 restricted shares granted on May 1, 2015. Mr. Kauffman also received a grant of 37,500 options in April 2006, which are fully vested. These grants vest upon the third anniversary of the grant date. In addition, pursuant to his new employment agreement to serve as the Company's CEO, Mr. Kauffman received a grant of 100,000 restricted shares, which will vest on the third anniversary of employment (July 20, 2018).

<sup>(1)</sup> This grant award was made to Mr. Coste on April, 15, 2013, and vests on March 1, 2016, subject to achievement by the Company of specified financial performance criteria in 2016 and continued employment.

30

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- (3) This grant award was made to Mr. Kantor on November, 1, 2013, and vests upon the third anniversary of the grant date, subject to continued employment.
- (4) This grant award was made to Ms. Senecal on September, 1, 2014, and vests upon the third anniversary of the grant date, subject to continued employment.

The following table sets forth information concerning each exercise of stock options, SARs and similar instruments, and each vesting of stock, including restricted stock, restricted stock units and similar instruments, during 2015 for each NEO on an aggregated basis.

## OPTION EXERCISES AND STOCK VESTED IN FISCAL YEAR 2015

Name	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
Scott L. Kauffman			9,804	250,688
David B. Doft			5,650	143,623
Andre Coste				
Robert Kantor				
Lori Senecal				
Miles S. Nadal			91,810	2,333,810

We do not provide our NEOs with any defined benefit pension arrangements, and do not maintain any non-qualified deferred compensation plans for our NEOs.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

We have entered into employment agreements with each of our named executive officers. Under these agreements, we are required to pay severance benefits in connection with specified terminations of employment, including specified terminations in connection with a change in control of the Company. The employment agreements for each NEO and other executives require a double trigger for any change in control severance payments. In addition, some of our equity incentive plans provide for the accelerated payment or vesting of awards in connection with specified terminations of employment or a change in control of the Company. The following is a description of the severance, termination and change in control benefits payable to each of our named executive officers pursuant to their respective employment agreements and our equity incentive plans.

Definitions of terms such as change in control or for good reason vary between agreements, so when a definition is particular to an agreement, it is described for that agreement. For all named executive officers, a change of control means the closing of a transaction which results in (1) any person(s) or company(ies) acting jointly or in concert owning equity of the Company representing greater than 50% of the voting power of the Company's outstanding securities, or (2) the Company selling all or substantially all of its assets (in each instance other than any transfer by the Company or any of its affiliates of their respective interest in the Company to another wholly-owned subsidiary of another MDC Group company).

### **Scott L. Kauffman**

Pursuant to his employment agreement, if MDC terminated Mr. Kauffman's employment in 2015 without cause, or if Mr. Kauffman terminated his employment for good reason, then MDC was required to pay Mr. Kauffman a severance payment within 60 days of the date of termination of one (1) times Mr. Kauffman's base salary plus the accrued amount of his annual discretionary bonus as of the termination date. If Mr. Kauffman's employment had terminated under these circumstances on December 31, 2015, the aggregate cash payment due to him under the agreement would have been \$1,100,000. As of December 31, 2015, Mr. Kauffman had 117,866 unvested restricted stock grants that would vest on termination of his employment agreement or change of control, with a fair value equal to \$2,560,050.

If Mr. Kauffman's employment is terminated within one year following the closing of a change in control by MDC without cause, or by Mr. Kauffman for good reason, then Mr. Kauffman will be entitled to the same severance payments set forth above. In addition, in the event of a change of control, the Compensation Committee may in its sole discretion determine to make an additional payment to Mr. Kauffman. If there had been a change in control of MDC Partners on December 31, 2015 and Mr. Kauffman's employment terminated in connection with that change in control, the aggregate cash severance payment MDC would have paid him under the contract would be \$1,100,000.

### **David Doft**

Pursuant to his employment agreement, if MDC terminates Mr. Doft's employment without cause, Mr. Doft terminates his employment for good reason, or the company gives a notice of non-renewal of the agreement, then MDC is required to pay Mr. Doft a severance payment within 10 days of the date of termination of one (1) times Mr. Doft's total remuneration, plus an amount equal to two (2) month's base salary for each calendar year in which he was employed by the Company, up to a maximum of six months. Total remuneration means the sum of his current base salary, his perquisite allowance, plus the highest annual discretionary cash bonus he earned in the three years ending December 31 of the year immediately preceding the date of termination. If Mr. Doft's employment had terminated under these circumstances on December 31, 2015, the aggregate cash payment due to him under the agreement would

have been \$1,592,500. Furthermore, Mr. Doft will also be allowed to continue participating for one year after termination on the same basis as before he was terminated in all benefit plans and, to the extent permitted under law, also in all retirement plans, provided however, that if Mr. Doft becomes entitled to receive coverage and benefits in the same type of plan from another employer, he will no longer be able to participate in these benefit and retirement plans. We will be obligated to pay him the economic equivalent of the benefits in these plans if Mr. Doft is unable to participate in the plans. The aggregate amount of this benefit would have been approximately \$17,687 if Mr. Doft's employment had terminated as of December 31, 2015.

If Mr. Doft's employment is terminated without cause by the company within one year following the closing of a change in control, by Mr. Doft for good reason, or by the company giving a notice of non-renewal of the agreement, then Mr. Doft will be entitled to a payment of 2.0 times his total remuneration. He will also be eligible to receive a pro-rata portion of his annual discretionary cash bonus for the year in which his employment terminates. If there had been a change in control of MDC Partners on December 31, 2015 and Mr. Doft's employment terminated in connection with that change in control, the aggregate cash severance payment MDC would have paid him under the contract would be \$2,685,000. Furthermore, Mr. Doft will also be allowed to continue participating for one year after termination on the same basis as before he was terminated in all benefit plans. We will be obligated to pay him the economic equivalent of the benefits in these plans if Mr. Doft is unable to participate in the plans. The aggregate amount of this benefit would have been approximately \$17,687 if Mr. Doft's employment had terminated as of December 31, 2015.

### **Andre Coste**

Pursuant to his employment agreement, if MDC terminates Mr. Coste's employment without cause, then MDC is required to pay Mr. Coste a severance payment over the applicable twelve (12) month severance period, equal to one (1) times Mr. Coste's base salary. If Mr. Coste's employment had terminated under these circumstances on December 31, 2015, the aggregate cash payment due to him under the agreement would have been \$575,000. As of December 31, 2015, Mr. Coste had 17,963 unvested restricted stock grants that would vest on termination of his employment agreement or change of control, with a fair value equal to \$390,156.

If Mr. Coste's employment is terminated within one year following the closing of a change in control by the company without cause, then Mr. Coste will be entitled to a payment of 1.5 times his then-current base salary. He will also be eligible to receive a pro-rata portion of his annual discretionary cash bonus for the year in which his employment terminates. If there had been a change in control of MDC Partners on December 31, 2015 and Mr. Coste's employment terminated in connection with that change in control, the aggregate cash severance payment MDC would have paid him under the contract would be \$862,500.

### **Robert Kantor**

Pursuant to his employment agreement, if MDC terminates Mr. Kantor's employment without cause, then MDC is required to pay Mr. Kantor a severance payment over the applicable twelve (12) month severance period, equal to one (1) times Mr. Kantor's base salary. If Mr. Kantor's employment had terminated under these circumstances on December 31, 2015, the aggregate cash payment due to him under the agreement would have been \$500,000. As of December 31, 2015, Mr. Kantor had 37,500 unvested restricted stock grants that would vest on termination of his employment agreement or change of control, with a fair value equal to \$814,500.

If Mr. Kantor's employment is terminated within one year following the closing of a change in control by the company without cause, then Mr. Kantor will be entitled to a payment of 1.5 times his total remuneration (increasing to 2.0 times his total remuneration effective May 26, 2016). Total remuneration means the sum of his current base salary, plus the highest annual discretionary cash bonus he earned in the three years ending December 31 of the year immediately preceding the date of termination. He will also be eligible to receive a pro-rata portion of his annual discretionary cash bonus for the year in which his employment terminates. If there had been a change in control of MDC Partners on December 31, 2015 and Mr. Kantor's employment terminated in connection with that change in control, the aggregate cash severance payment MDC would have paid him under the contract would be \$1,412,062.

## Lori Senecal

Pursuant to her employment agreement, if MDC terminates Ms. Senecal's employment without cause, then MDC is required to pay Ms. Senecal severance in an amount equal to her base salary for a period of time commencing on the date of termination and ending at the end of the twelve (12) month period thereafter. If Ms. Senecal's employment had terminated under these circumstances on December 31, 2015, the aggregate cash payment due to her under the agreement would have been \$1,000,000. As of December 31, 2015, Ms. Senecal had 50,000 unvested restricted stock grants that would vest on termination of her employment agreement or change of control, with a fair value equal to \$1,086,000.

If Ms. Senecal's employment is terminated by the company without cause within one year following the closing of a change in control, then Ms. Senecal will be entitled to a payment of two (2) times her base salary. She will also be eligible to receive a pro rata portion of her annual discretionary cash bonus for the year in which her employment terminates. If there had been a change in control of MDC Partners on December 31, 2015 and Ms. Senecal's employment terminated in connection with that change in control, the aggregate cash severance payment MDC would have paid her under the contract would be \$2,000,000.

## **Miles S. Nadal**

On July 20, 2015, Mr. Nadal resigned from his position as CEO and from his position as a member and Chairman of the Board of Directors. Mr. Nadal did not receive any severance or other compensation payments from the Company in connection with his resignation.

Following an extensive review of perquisites and payments made by the Company on behalf of Mr. Nadal during the period 2009 through 2014, Mr. Nadal repaid the Company for the expenses for which the Company sought reimbursement, in an aggregate amount of \$11,285,000. These payments included medical expenses, travel and commutation expenses, charitable donations and other expenses that lacked appropriate substantiation, over a six (6) year period.

In addition, Mr. Nadal further agreed to repay the Company \$10,581,605 in connection with repayment obligations pursuant to prior incentive/retention agreements. Through December 31, 2015, Mr. Nadal has paid \$2.5 million of this amount, and is obligated to repay the remaining balance in three installments, with the last to be paid on December 31, 2017.

## **Compensation Committee Interlocks and Insider Participation**

Mr. Clare Copeland (Chairman), Mr. Scott Kauffman (prior to his appointment as CEO on July 20, 2015), Mr. Michael J.L. Kirby and Mr. Irwin Simon served on the Human Resources & Compensation Committee of the Board of Directors during 2015. None of the persons who served on the Human Resources & Compensation Committee at the time of such service are, or have been, an employee or officer of the Company or had any relationship requiring disclosure under Item 404 of Regulation S-K. In addition, none of the Company's executive officers serves, or has served during the last completed fiscal year, as a member of the board of directors or compensation committee of any other entity that has or has had one or more of its executive officers serving as a member of the Company's Board of Directors.

## **Securities Authorized for Issuance under Equity Compensation Plans**

On May 26, 2005, the Company's shareholders approved the Company's 2005 Stock Incentive Plan, which was subsequently amended on May 30, 2007 and on May, 30 2009. The 2005 Stock Incentive Plan authorizes the issuance of awards to employees, officers, directors and consultants of the Company with respect to 6,750,000 shares of MDC Partners' Class A Shares or any other security in to which such shares shall be exchanged. On May 30, 2008, the Company's shareholders approved the 2008 Key Partner Incentive Plan, which provides for the issuance of 900,000 Class A Shares. On May 30 2012, the Company's shareholders approved the 2011 Stock Incentive Plan, which provides for the issuance of up to 3,000,000 Class A shares. The SARs Plan was initially adopted and approved effective as of January 1, 2003, and was subsequently amended and restated in 2004, 2006 and 2014.



The following table sets out as at December 31, 2015 the number of securities to be issued upon exercise of outstanding options and rights, the weighted average exercise price of outstanding options and rights and the number of securities remaining available for future issuance under equity compensation plans.

	Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants and Rights (a)		Weighted Average Exercise Price of Outstanding Options Warrants and Rights (b)		Number of Securities Remaining Available for Future Issuance (Excluding Column (a)) (c)
Equity Compensation Plans:					
Approved by stockholders:					
Share options and restricted stock	122,357	(1)	\$ 5.28	(2)	1,123,772 (3)
Not Approved by stockholders:					

(1) Includes 47,357 restricted stock units ( RSUs ).

The weighted average exercise price relates only to outstanding stock options. The calculation of the weighted (2) average exercise price does not include outstanding equity awards that are received or exercised for no consideration.

(3) Restricted stock, RSUs and other forms of equity awards may be issued under the 2005 Stock Incentive Plan, 2008 Key Partner Incentive Plan, the 2011 Stock Incentive Plan and the Stock Appreciation Plan.

## Indebtedness of Directors, Executive Officers and Senior Officers

There is currently no indebtedness owed to MDC by any of MDC's Directors, executive officers or senior officers, and there was no such indebtedness owed to MDC as of December 31, 2015. The Company's Corporate Governance Guidelines prohibit the Company from making any new personal loans or extensions of credit to Directors or executive officers of the Company.

## Insurance

MDC holds directors' and officers' liability insurance policies that are designed to protect MDC Partners and its directors and officers against any legal action which may arise due to wrongful acts on the part of directors and/or officers of MDC. The policies are written for a limit of \$70 million, subject to a corporate deductible up to \$250,000 per securities-related claims and up to \$100,000 per other indemnifiable claims. In respect of the fiscal year ended December 31, 2015, the cost to MDC of maintaining the policies was \$688,525. The twelve-month premium cost of the current policy, effective from August 1, 2015 until July 31, 2016, is equal to \$911,672.

## Review and Approval of Related Party Transactions

The Board has adopted a written Related Party Transactions Policy to assist it in reviewing, approving and ratifying related party transactions. The Related Party Transactions Policy provides that all related party transactions covered by the policy must be approved in advance by the Audit Committee, except that any ordinary course transaction in which an operating subsidiary of the Company derives revenue from a related party may be approved on an annual basis by the Audit Committee. To facilitate compliance with this policy, Directors and executive officers of the Company must notify the Company's General Counsel and CFO as soon as reasonably practicable about any potential

related party transaction. If the Company's General Counsel and CFO determine that the transaction constitutes a related party transaction, the transaction will be referred to the Audit Committee for its consideration. The Audit Committee will be provided with full details of the proposed related party transaction, including: the terms and conditions of the proposed transaction; the business purpose of the transaction; and the benefits to the Company and to the relevant related party.

In reviewing related party transactions, the Audit Committee will consider all relevant facts and circumstances, including, among others:

The benefits of the transaction to the Company;

35

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The terms of the transaction and whether they are fair (arm's-length) and in the ordinary course of the Company's business; and

The size and expected term of the transaction.

Generally, the Related Party Transactions Policy applies to any transaction that would be required by the SEC to be disclosed in which the Company was or is proposed to be, a participant and in which a Related Party had, has or will have a direct or indirect material interest. The policy also applies to any amendment or modification to an existing Related Party Transaction, regardless of whether such transaction has previously been approved.

## Certain Related Party Transactions

The Company engaged in the following related party transactions in 2015, each of which was reviewed and approved by the Audit Committee in accordance with the Related Party Transactions Policy described above:

### Services Agreement with Former CEO

On April 25, 2007, the Company entered into a Management Services Agreement (as amended and restated on May 6, 2013, the Services Agreement) with Miles Nadal and with Nadal Management, Inc. to set forth the terms and conditions on which Miles Nadal previously provided services to the Company as its Chief Executive Officer. In connection with Mr. Nadal's resignation on July 20, 2015, the Company and Mr. Nadal terminated the Services Agreement and entered into a separation agreement (the Separation Agreement), dated as of July 20, 2015. Pursuant to the Separation Agreement, Mr. Nadal agreed, among other things, to: (i) repay to the Company \$1,877,000 in connection with certain amounts paid to or for the benefit of Mr. Nadal and an affiliate; (ii) repay to the Company \$10,581,605 in connection with amounts required to be repaid pursuant to cash bonus awards previously paid to Mr. Nadal, with such repayments to be made in five installments, with the last to be paid on December 31, 2017; and (iii) customary non-disparagement and confidentiality obligations, reaffirmation of restrictive covenants, and an intellectual property rights assignment. Mr. Nadal was not paid any compensation payments or severance under the Separation Agreement.

### Use of Private Aircraft through July 2015

Beginning in 2014 and during the first six months of 2015, MDC chartered for business purposes an airplane and helicopter (together, the Aircraft) owned by entities controlled by Mr. Nadal and leased to an independent corporate aircraft management company. Entities controlled by Mr. Nadal paid for the purchases of the Aircraft and were legally responsible and have paid for all operating, personnel and maintenance costs associated with the Aircraft's operations. Payments by third parties to charter the Aircraft from the corporate aircraft management company offset a portion of the costs. Payments by MDC for the business use of the Aircraft by Mr. Nadal were made to the corporate aircraft management company at a fixed hourly rate set forth in the aircraft service agreement between the aircraft management company and entities controlled by Mr. Nadal. In the first and second quarter of 2015, MDC paid a total of \$397,767 for the business use of the Aircraft. Promptly following Mr. Nadal's resignation on July 20, 2015, the Company prohibited the use of private aircraft travel by its directors and executive officers.

### Employee Relationships

From May 2015 to December 31, 2015, Lori Senecal held the dual titles of President and Chief Executive Officer of The MDC Partner Network and Chief Executive Officer of Partner Firm Crispin Porter & Bogusky (CPB). As of January 1, 2016, Ms. Senecal assumed the exclusive role as Global Chief Executive Officer of CPB. Ms. Senecal's husband, William Grogan, has been employed by the Company since July 1, 2015 as President of Global Accounts. In 2015, Mr. Grogan's total compensation from the Company and its affiliate (kbs+), including salary, bonus, and other

benefits, totaled approximately \$943,000. His compensation is commensurate with that of his peers.

Scott Kauffman is Chairman and Chief Executive Officer of the Company. His daughter, Sarah Kauffman, has been employed by KBS+ since July 2011, and currently acts as Director of Operations, Attention Partners. In 2015, her total compensation, including salary, bonus and other benefits, totaled approximately \$125,000. Her compensation is commensurate with that of her peers.

### **Union Advertising; Peerage Realty and Baker Real Estate**

In 2015, Union Advertising Canada LP ( Union ), a Partner Firm, provided certain website development and related marketing services to each of Peerage Realty Partners ( Peerage ) and Peerage 's subsidiary, Baker Real Estate Incorporated ( Baker ). Miles Nadal, the Company 's former CEO, is the majority equity owner of Peerage and Baker. The amount of fees paid by each of Peerage and Baker to Union in respect of these services in 2015 was \$130,662, which fees were customary for these types of services.

Other than as described above, no director, officer, principal shareholder or proposed nominee for election as a director of MDC and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of MDC 's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect MDC.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD

The Audit Committee is responsible for assisting the Board in serving as an oversight to MDC Partners' accounting, auditing, financial reporting, internal control and legal compliance functions. The Audit Committee has implemented procedures to ensure that during the course of each fiscal year, it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under its charter including, whenever appropriate, meeting in executive sessions with MDC Partners' independent auditors without the presence of MDC Partners' management.

Management is responsible for the financial reporting process, including the system of internal controls, for the preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles ( GAAP ) and for the report on the Company's internal control over financial reporting. The Company's independent auditors are responsible for auditing those financial statements and expressing an opinion as to their conformity with GAAP and for opining on the effectiveness of the Company's internal control over financial reporting. The Audit Committee's responsibility is to oversee and review the financial reporting process and to review and discuss the status and completed copy of management's report on the Company's internal control over financial reporting.

The Audit Committee reviewed and discussed with management and BDO USA, LLP management's assessment of the Company's internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, including the matters more fully disclosed in Item 9A (Controls and Procedures) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

In overseeing the preparation of MDC Partners' financial statements, the Audit Committee met with both management and MDC Partners' outside auditors to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. Management advised the Audit Committee that all financial statements were prepared in accordance with GAAP, and the Audit Committee discussed the statements with both management and the outside auditors.

With respect to MDC Partners' outside auditors, the Audit Committee, among other things, discussed with BDO USA, LLP matters relating to its independence, and received from BDO USA, LLP written disclosures and a letter from BDO USA, LLP as required by the applicable requirements of the Public Company Accounting Oversight Board. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by PCAOB Standard No. 16, *Communications with Audit Committee*, as amended, which includes, among other items, matters related to the conduct of the annual audit of MDC Partners' financial statements.

On the basis of their reviews and discussions, the Audit Committee recommended to the Board that the Board approve (and the Board has approved) the inclusion of MDC Partners' audited financial statements in MDC Partners' Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the Securities and Exchange Commission and the Canadian Securities Administrators.

Effective April 1, 2006 the Company engaged BDO USA, LLP ( BDO USA ) as its independent registered public accounting firm. The decision to engage BDO USA was made by the Audit Committee of the Board of Directors and the Board of Directors of the Company. The Committee and the Board have also approved, and submitted for shareholder approval, the selection of BDO USA, LLP as MDC Partners' independent auditors for the fiscal year ending December 31, 2016.

The Audit Committee's current charter is appended to this Circular as Exhibit A.

**Audit Committee of the Board**

Anne Marie O Donovan (Chair)

Michael Kirby

Larry Kramer

Clare Copeland

Irwin Simon

## ITEM 2 APPOINTMENT OF AUDITORS AND AUTHORIZING THE AUDIT COMMITTEE TO DETERMINE ITS REMUNERATION

Subject to the action of the shareholders, upon recommendation of the Audit Committee, the Board has recommended to the shareholders the appointment of BDO USA, LLP, independent registered public accountants, to audit and report on the consolidated financial statements of MDC Partners for the fiscal year ending December 31, 2016 and to perform such other services as may be required of them. BDO USA, LLP has served as independent public accountants for MDC Partners since April 1, 2006. The Board has directed that management submit the appointment of the auditors for approval by the shareholders at the Meeting. Representatives of BDO USA, LLP are expected to be present at the meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions.

**Unless otherwise instructed, the persons named in the accompanying proxy (provided the same is duly executed in their favor and is duly deposited) intend to vote FOR the appointment of BDO USA, LLP, independent registered public accountants, as auditors of MDC Partners, to hold office until the close of the next annual meeting of shareholders of MDC Partners, at a remuneration to be fixed by the directors of MDC Partners.**

In addition to retaining BDO USA, LLP to audit MDC Partners consolidated financial statements for 2014 and 2015, the Company retained BDO USA, LLP to provide advisory, auditing and consulting services in 2014 and 2015. These services included audit services, audit-related services, tax services and other services. The following tables set forth the aggregate fees billed to MDC Partners by BDO USA, LLP for professional services in fiscal years 2014 and 2015:

### BDO USA, LLP

	2014	2015
Audit Fees <sup>(1)</sup>	\$ 2,240,753	\$ 2,164,259
Tax Fees <sup>(2)</sup>	41,847	
Audit Related Fees <sup>(3)</sup>	21,040	894,309
All Other Fees		
<b>Total</b>	<b>\$ 2,303,640</b>	<b>\$ 3,058,568</b>

(1) Fees for the annual financial statement audit, including internal control assessment related fees, quarterly financial statement reviews and regulatory comment letters.

(2) Fees for services rendered for foreign tax services.

(3) Fees for services rendered in connection with acquisition due diligence and other services in 2014. In 2015, includes fees for services rendered in connection with the ongoing SEC investigation.

All fees listed above have been pre-approved by the Audit Committee. The Audit Committee has, however, delegated to the Chairman of the Audit Committee the authority to pre-approve permitted non-audit services (as such services are defined by the Sarbanes-Oxley Act of 2002) provided that (i) the aggregate estimated amount of such fees will not exceed \$25,000 and (ii) the Chairman of the Audit Committee reports any pre-approval so granted at the next scheduled meeting of the Audit Committee.

The Audit Committee Charter provides for the Audit Committee to establish the auditors fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY  
RECOMMENDS  
A VOTE FOR APPOINTMENT OF BDO USA, LLP AS  
MDC PARTNERS AUDITORS  
AND AUTHORIZING THE AUDIT COMMITTEE TO  
DETERMINE BDO USA, LLP S REMUNERATION.**

39

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## ITEM 3 APPROVAL OF THE 2016 STOCK INCENTIVE PLAN

### General

The Board has adopted, subject to stockholder approval, the 2016 Stock Incentive Plan (the **2016 Incentive Plan**), a copy of which is annexed hereto as *Exhibit C*. The purpose of the 2016 Incentive Plan is to promote the interests of MDC Partners and its shareholders by providing incentives to the non-employee directors and employees of the Company and its subsidiaries who are largely responsible for the management, growth and protection of the business of the Company. The 2016 Incentive Plan is designed to meet this intent by providing such employees and eligible non-employee directors with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

The Board adopted the 2016 Incentive Plan as a replacement for the Company's 2011 Stock Incentive Plan, as amended, which was approved by shareholders on June 1, 2011 (the **Prior Plan**). The 2016 Incentive Plan contains terms and conditions that reflect developments in corporate governance and other rules and regulations since the adoption of the Prior Plan and is designed to replenish the number of shares available to the Company.

The 2016 Incentive Plan authorizes the issuance of awards with respect to 1,500,000 shares of MDC Partners' Class A Subordinate Voting Shares or any other security into which such shares may be exchanged (**Shares**). This amount represents approximately 2.98% of the Company's issued and outstanding shares as of March 31, 2016. As of April 1, 2016, the aggregate number of Shares remaining available under the Prior Plan is 428,507. With respect to the shareholder approval of the 2016 Incentive Plan, approximately 1,300,000 Shares will be excluded from voting on the resolution to approve the 2016 Incentive Plan.

The material terms of the 2016 Incentive Plan are summarized below. The summary is not intended to be a complete description of the terms of the 2016 Incentive Plan. The full text of the 2016 Incentive Plan is attached hereto as Exhibit C. In the event of any inconsistency between the summary set forth below and the terms of the 2016 Incentive Plan, the terms of the 2016 Incentive Plan will govern.

### Eligible Participants and Types of Awards

The 2016 Incentive Plan provides for the grant to non-employee directors and employees of the Company and, at the discretion of any of the foregoing persons and subject to any required regulatory approvals and conditions, any personal holding company controlled by such person, of non-qualified stock options (**Options**), tandem and stand-alone stock appreciation rights (**SARs**) and restricted stock and other stock-based awards (collectively referred to herein as **Incentive Awards**). Incentive Awards may be settled in cash or in Shares. Approximately 6,000 persons are currently eligible to participate in the 2016 Incentive Plan.

### Shares Available for Awards and Award Limitations

Shares issued under the 2016 Incentive Plan may be either authorized and unissued Shares or treasury Shares. In addition to the limit on the aggregate number of Shares that are authorized to be issued pursuant to the 2016 Incentive Plan described above, the maximum number of Shares that may be covered by Incentive Awards granted to any single participant in the 2016 Incentive Plan (a **Participant**) in any fiscal year shall not exceed 300,000 Shares (representing

significantly less than 1% of the current issued and outstanding Shares of the Company), prorated on a daily basis for any fiscal year that is shorter than 365 days, and the aggregate equity awards that may be issued under the 2016 Incentive Plan to executive officers in a given fiscal year may not exceed 2% of the Company's issued and outstanding Shares. In addition, each independent Director shall not receive Incentive Awards (including option grants) with a current market value in excess of \$150,000 or option grants with a current market value in excess of \$100,000 in any given fiscal year. There are no other limits on the number of Shares that may be granted under the 2016 Incentive Plan.

## **Minimum Vesting Period of One (1) Year for all Incentive Awards**

In no event shall any new Incentive Award granted under the 2016 Stock Incentive Plan vest or otherwise become payable earlier than one (1) year following the date on which it is granted, other than upon the occurrence of a permitted acceleration event.

## Effect of Change in Control

Any new Incentive Award granted under the 2016 Stock Incentive Plan that is subject to time-based vesting terms and conditions shall not become fully and immediately vested and exercisable solely as a result of the occurrence of a change of control, absent a termination of employment without cause or for good reason following any such change of control. In addition, any new Incentive Award granted under the 2016 Stock Incentive Plan that is subject to performance-based vesting terms and conditions shall not become fully and immediately vested and exercisable solely as a result of the occurrence of change of control, absent a termination of employment without cause or for good reason following any such change of control and shall be adjusted on a pro-rata basis as determined by the Committee.

## Prohibition on Substitutions and Repricing

In no event will any new Incentive Awards be issued in substitution for outstanding Incentive Awards previously granted to Participants, and no repricing of Incentive Awards is permitted at any time under any circumstances, unless the shareholders of the Company expressly approve such substitution or repricing.

## Administration

The 2016 Incentive Plan will be administered by the Human Resources & Compensation Committee of the Company's Board, or such other committee as the Board shall appoint from time to time (the "Committee"). The Committee shall from time to time designate those persons who shall be granted Incentive Awards and the amount, type and other terms and conditions of such Incentive Awards. All of the powers and responsibilities of the Committee under the 2016 Incentive Plan may be delegated by the Committee, in writing, to any subcommittee thereof. In addition, the Committee may from time to time authorize a committee consisting of one or more Directors to grant Incentive Awards to persons who are not executive officers of the Company (within the meaning of such term pursuant to Rule 16a-1 of the Exchange Act), subject to such restrictions and limitations as the Committee may specify.

The Committee will have full authority to administer the 2016 Incentive Plan, including authority to interpret and construe any provision of the 2016 Incentive Plan and the terms of any Incentive Award issued under it and to adopt such rules and regulations for administering the 2016 Incentive Plan, as it may deem necessary. On or after the date of grant of an Incentive Award under the 2016 Incentive Plan, the Committee may (i) extend the term of any Incentive Award, including, without limitation, extending the period following a termination of a Participant's employment during which any Incentive Award may remain outstanding, (ii) waive any conditions to the exercisability or transferability of any Incentive Award or (iii) provide for the payment of dividends or dividend equivalents with respect to any Incentive Award. Decisions of the Committee shall be final and binding on all Participants. No member of the Committee shall be liable for any action, omission or determination relating to the 2016 Incentive Plan, and MDC Partners indemnifies and holds harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the 2016 Incentive Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the 2016 Incentive Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

## **Incentive Awards That Will Be Granted**

The number and type of Incentive Awards that will be granted in the future under the 2016 Incentive Plan, or that would have been granted had the 2016 Incentive Plan been in effect during the Company's last fiscal year, are not determinable.

## **Significant Features of Incentive Awards**

*Options.* Each Option shall entitle the holder thereof to purchase a specified number of Shares. The exercise price of each Option will be equal to at least 100% of the fair market value of a Share on the date on which the Option is granted. Fair Market Value means, as of the applicable date of determination, the closing sales price of the Shares on the immediately preceding business day as reported on the principal

securities exchange on which such Shares are then listed or admitted to trading. Options will have terms that do not exceed ten years and will have vesting periods of at least one year, except that vesting may occur in less than one year in the event that certain performance conditions attached to the Option (or with respect to other Incentive Awards) are satisfied, there is an increase or decrease in the number of issued Shares resulting from a subdivision or consolidation or the payment of a stock dividend on the Shares or any other increase or decrease in the number of such Shares effected without receipt or payment of consideration by the Company, a merger, consolidation, dissolution or liquidation of MDC Partners, or there is a termination of the employment of a Participant other than for cause or voluntary resignation prior to retirement ( Permitted Acceleration Events ). Each Option shall be subject to earlier termination, expiration or cancellation as provided in the 2016 Incentive Plan or in the agreement evidencing such Option.

*Tandem Stock Appreciation Rights.* The Human Resources & Compensation Committee of the Company's Board, or such other committee as the Board shall appoint from time to time, which administers the 2016 Incentive Plan, may grant, in connection with any Option, a tandem SAR ( Tandem SAR ). The exercise price per Share of any Tandem SAR will be equal to at least 100% of the fair market value of a Share on the date on which the Tandem SAR is granted, except that the exercise price of a Tandem SAR that is granted after the grant of the related Option may be less than such amount if it is at least equal to the exercise price of the related Option. In general, the exercise of a Tandem SAR by a Participant entitles the Participant to an amount (in cash, Shares or a combination of cash and Shares), with respect to each Share subject thereto, equal to the excess of the fair market value of a Share on the exercise date over the exercise price of the Tandem SAR. The exercise of a Tandem SAR with respect to a number of Shares causes the cancellation of its related Option with respect to an equal number of Shares, and the exercise, cancellation or expiration of an Option with respect to a number of Shares causes the cancellation of its related Tandem SAR with respect to an equal number of Shares.

*Stand-Alone Stock Appreciation Rights.* The Committee may grant SARs that do not relate to Options ( Stand-Alone SARs ). The exercise price per Share of any Stand-Alone SAR will be at least 100% of the fair market value of a Share on the date on which the Stand-Alone SAR is granted. In general, the exercise of a Stand-Alone SAR by a Participant entitles the Participant to an amount (in cash, Shares or a combination of cash and Shares), with respect to each Share subject thereto, equal to the excess of the fair market value of a Share on the exercise date over the exercise price of the Stand-Alone SAR.

*Other Stock Based Awards.* The Committee may grant equity-based or equity-related Incentive Awards other than Options and SARs in such amounts and subject to such terms and conditions as the Committee determines. Each such Incentive Award may (i) involve the transfer of actual Shares, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Shares, (ii) be subject to performance-based and/or service-based conditions and (iii) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, or share-denominated performance units. No such Incentive Award will vest or otherwise become payable earlier than three years following the date on which it is granted, other than upon the occurrence of a Permitted Acceleration Event.

*Performance Based Compensation.* The Committee may grant Incentive Awards that are intended to qualify under the requirements of Section 162(m) of the Tax Code as qualified performance-based compensation.

The performance goals upon which the payment or vesting of any Incentive Award (other than Options and SARs) that is intended to so qualify will relate to one or more of the following performance measures: revenue growth, achievement of EBITDA targets, operating income, operating cash flow, net income, earnings per share, cash earnings per share, return on sales, return on assets, return on equity, return on invested capital and total shareholder return. In the event that the requirements of Section 162(m) and the regulations thereunder change to permit Committee discretion to alter the performance measures, the Committee will have discretion to make such changes. Performance

periods may be equal to or longer than, but not less than, one fiscal year of the Company. Within 90 days after the beginning of a performance period, and in any case before 25% of the performance period has elapsed, the Committee shall establish (a) performance goals and

objectives for the Company for such performance period, (b) target awards for each Participant, and (c) schedules or other objective methods for determining the applicable performance percentage to be applied to each such target award.

The measurement of any performance measure may exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of accounting changes, each as defined by generally accepted accounting principles and as identified in the Company's audited financial statements, including the notes thereto. Any performance measures may be used to measure the performance of the Company or a subsidiary as a whole or any business unit of the Company or any subsidiary or any combination thereof, as the Committee may deem appropriate, or any of the above performance measures as compared to the performance of a group of comparator companies, or a published or special index that the Committee, in its sole discretion, deems appropriate.

## General Plan Provisions

*Adjustments Upon Changes in Capitalization.* The 2016 Incentive Plan provides for an adjustment in the number of Shares available to be issued under the 2016 Incentive Plan, the number of Shares subject to Incentive Awards and the exercise prices of certain Incentive Awards upon a change in the capitalization of the Company, a stock dividend or split, a merger, consolidation, combination or exchange of Shares and certain other similar events.

*Tax Withholding.* The 2016 Incentive Plan provides that Participants may elect to satisfy certain federal income tax withholding requirements by remitting to the Company cash or, subject to certain conditions, Shares or by instructing the Company to withhold Shares payable to the Participant.

*Assignment and Transfer.* Options and SARs may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant.

*Amendment.* The Board may at any time suspend or discontinue the 2016 Incentive Plan or revise or amend it in any respect whatsoever, except that, in general, no revision or amendment may, without the approval of shareholders of the Company, (i) increase the number of Shares that may be issued under the Plan or (ii) materially modify the requirements as to eligibility for participation in the 2016 Incentive Plan. No action may, without the consent of the Participant, reduce the Participant's rights under any previously granted and outstanding Incentive Award.

*Term of the Plan.* No grants may be made under the 2016 Incentive Plan after April 22, 2026.

## U.S. Federal Income Tax Consequences

The following is a summary of the principal U.S. federal income tax consequences generally applicable to the Company and to participants upon the grant and exercise of Incentive Awards under the Plan under the now applicable provisions of the Code and the regulations thereunder.

*Tax Consequences to a Participant.* In general, a participant will not be deemed to receive any income nor will he be taxed upon grant of an Option or SAR. Generally, a participant will have ordinary income upon exercise of an Option in an amount equal to the excess of the fair market value on the date of exercise of the shares purchased over the exercise price paid upon exercise. A participant generally will not recognize income at the time a restricted stock award is granted. When the restrictions lapse and the stock vests, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less the amount he or she paid for the stock, if any). A

participant may make a special election under Section 83(b) of the Code to be taxed on restricted stock at the time of grant, in which case subsequent appreciation will be taxable at capital gains rates. A participant generally will not recognize income upon grant of the restricted stock unit. Upon issuance of cash or shares of common stock in settlement of a restricted stock unit award, the participant will recognize ordinary income equal to the fair market value of the common stock underlying such award as of that date.

If the participant surrenders previously-owned shares in payment of any or all of the exercise price of an Option, the shares received upon exercise of such Option equal in number to the previously-owned shares so surrendered would have the tax basis and capital gain holding period applicable to such surrendered shares. The additional shares received upon exercise would have a tax basis equal to the amount taxable as ordinary income upon such exercise (as described in the immediately preceding paragraph) plus the cash paid on exercise (if any) and a new capital gain holding period commencing on the date following the date of exercise.

*Tax Consequences to the Company.* As a general matter, the Company or an affiliate of the Company that employs a participant will be entitled to take a deduction in an amount equal to the amount of ordinary income recognized by the participant at the time the participant recognizes ordinary income in respect of Incentive Awards. For example, with respect to an Option or SAR, the grant and vesting do not have tax consequences to the Company. The Company or an affiliate of the Company that employs a participant generally will be entitled to a federal income tax deduction in an amount equal to the amount of compensation income, taxable as ordinary income, recognized by the participant as a result of the exercise of an Option or SAR in the year of recognition by the participant, subject to any applicable limitations under Section 162(m) of the Internal Revenue Code.

## The Resolution

The resolution approving the 2016 Incentive Plan requires a simple majority of the votes cast at the Meeting, excluding approximately 1,300,000 votes of insiders of the Company who are entitled to participate in the 2016 Incentive Plan and their associates. Broker non-votes are not permitted to be voted on this matter. The resolution is also subject to acceptance by NASDAQ. The Board therefore seeks your approval and support for the following resolution:

### RESOLVED:

THAT the 2016 Incentive Plan of the Company, which authorizes the issuance of 1,500,000 Class A Subordinate Voting Shares of the Company, is hereby approved; and

THAT any director or executive officer of the Company be and is hereby authorized to notify and/or to seek approval of NASDAQ if required, of the approval of the 2016 Stock Incentive Plan and to do all such acts and things and to execute and file such other documents, whether under the corporate seal of the Company or otherwise, that may be necessary or desirable to give effect to this resolution.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY  
RECOMMENDS  
A VOTE FOR APPROVAL OF THE 2016 STOCK  
INCENTIVE PLAN.**

## **ITEM 4 ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

The guiding principles of the Company's compensation policies and decisions include aligning each executive's compensation with our business strategy and the interests of our shareholders and providing incentives needed to attract, motivate and retain key executives who are important to our long-term success. Consistent with this philosophy, a significant portion of the total incentive compensation for each of our executives is directly related to the Company's earnings and to other performance factors that measure our progress against the goals of our strategic and operating plans, as well as performance against our peers.

Shareholders are urged to read the Compensation Discussion and Analysis section of this Proxy Statement, as well as the Summary Compensation Table and other related compensation tables and narrative, which discuss how our compensation design and practices reflect our compensation philosophy. The Compensation Committee and the Board of Directors believe that our compensation design and practices are effective in implementing our guiding principles.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2016 Annual Meeting of Shareholders:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this Proxy Statement, is hereby APPROVED.

This advisory resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board of Directors.

Although non-binding, the Board of Directors and the Compensation Committee value the opinions of our shareholders and will review and consider the voting results when making future decisions regarding our executive compensation program. The Company currently intends to hold such votes annually. The next such vote will be held at the Company's 2017 Annual Meeting of Shareholders.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY  
RECOMMENDS  
A VOTE FOR THE ADVISORY RESOLUTION TO  
APPROVE EXECUTIVE COMPENSATION.**

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under Section 16(a) of the Exchange Act, the Company's directors, executive officers and any persons holding 10% or more of the common stock are required to report their ownership of common stock and any changes in that ownership to the SEC within a prescribed period of time and to furnish the Company with copies of such reports. To the Company's knowledge, based solely upon a review of copies of such reports received by the Company which were filed with the SEC for the fiscal year ended December 31, 2015, and upon written representations from such persons that no other reports were required, the Company has been advised that all reports required to be filed under Section 16(a) have been timely filed with the SEC.

## **ADDITIONAL INFORMATION**

A copy of the Annual Report on Form 10-K filed by MDC Partners with the Securities and Exchange Commission for 2015 is available, without charge, to shareholders at MDC Partners' website at [www.mdc-partners.com](http://www.mdc-partners.com), on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), on the SEDAR website at [www.sedar.com](http://www.sedar.com), or upon written request to 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, Attention: Investor Relations. Financial information is provided in MDC Partners' consolidated financial statements and Management's Discussion & Analysis for the year ended December 31, 2015. A copy of MDC Partners' most recent consolidated financial statements, interim financial statements, and proxy statement and management information circular may also be obtained by shareholders, without charge, upon written request from the Secretary of MDC Partners or from the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **SHAREHOLDER PROPOSALS FOR 2017 ANNUAL GENERAL MEETING**

Under certain circumstances, stockholders are entitled to present proposals at stockholder meetings. The 2017 Annual Meeting of Stockholders is expected to be held on or about June 2, 2017. In accordance with the rules established by the SEC, any shareholder proposal submitted pursuant to Rule 14a-8 of the Exchange Act ( Rule 14a-8 ) intended to be included in the proxy materials for the 2017 Annual Meeting of Stockholders must be received by the Secretary of the Company, 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, by December 23, 2016, in a form that complies with the Company's Bylaws and applicable requirements. Any proposal submitted after December 23, 2016, will not be considered timely for the purposes of Rule 14a-8.

Moreover, unless a shareholder who wishes to present a proposal at the Annual Meeting outside the processes of Rule 14a-8 has submitted such proposal to us by the close of business on March 8, 2017, subject to applicable rules, we will have discretionary authority to vote on any such proposal with respect to all proxies submitted to us even when we do not include in our proxy statement advice on the nature of the matter and how we intend to exercise our discretion to vote on the matter.

## **GENERAL**

Management knows of no matter to come before the Meeting other than the matters referred to in the accompanying Notice. If any matters which are not now known should properly come before the Meeting, the accompanying proxy

instrument will be voted on such matters in accordance with the best judgment of the person voting it.

The contents and sending of this Proxy Statement and Management Information Circular have been approved by the Board as of the date hereof.

By Order of the Board

**Mitchell S. Gendel**  
General Counsel and Corporate Secretary

New York, N.Y.  
April 22, 2016

**EXHIBIT A**

**CHARTER OF THE  
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
OF MDC PARTNERS INC.  
AS ADOPTED AND AMENDED BY THE BOARD  
OCTOBER 28, 2015**

**I. AUTHORITY**

The Board of Directors (the Board) of MDC Partners Inc. (the Corporation) has established an Audit Committee (the Committee). The Committee shall be comprised of three or more directors, as determined from time to time by resolution of the Board. Consistent with the appointment of other Board committees, the members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or at such other time as may be determined by the Board. The Chairman of the Committee shall be designated by the Board, provided that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman. The presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present.

**II. PURPOSE OF THE COMMITTEE**

The Committee's purpose is to provide assistance to the Board in fulfilling its fiduciary obligations and oversight responsibilities with respect to (1) the integrity of the Corporation's financial statements, (2) the Corporation's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Corporation's internal audit function and independent auditors. The Committee will also prepare the report that SEC rules require to be included in the Corporation's annual proxy statement.

The Committee is directly responsible for the appointment (subject to shareholder approval), compensation, retention and oversight of the work of the Corporation's independent auditor engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation. In accordance with the requirements of the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934 (the Exchange Act) and the rules promulgated thereunder by the Securities and Exchange Commission (the SEC) and the rules of the Nasdaq, the independent auditor must report directly to the Committee and is accountable to the Committee (as representatives of the shareholders of the Corporation). The Committee's oversight responsibilities include the authority to approve all audit engagement fees and terms, as well as all permitted non-audit engagements and resolution of disagreements between management and the independent auditor regarding financial reporting.

It is the objective of the Committee to maintain free and open means of communications among the Board, the independent auditor, internal audit and the financial and senior management of the Corporation.

### **III. COMPOSITION OF THE COMMITTEE**

#### **Independence**

Each member of the Committee shall be an independent director within the meaning of Section 10A(m)(3) of the Exchange Act, Rule 10A-3(b)(1) thereunder, and Nasdaq Marketplace Rule 4200(a)(15) subject to applicable exceptions.

#### **Financial Literacy and Expertise**

All members of the Committee must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. At least one member of the Committee shall be an audit committee financial expert as defined in Item 16A of SEC Form 20-F and at least one member shall have accounting or related financial experience as required under applicable Nasdaq rules.

The Committee shall ensure that the Corporation provides to applicable regulatory authorities any required certification relating to adequacy of this Charter and composition of the Committee.

A-1

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## IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. While there is no blueprint to be followed by the Committee in carrying out its duties and responsibilities, the following should be considered within the authority of the Committee (it being understood that the Committee may diverge from such matters as considered appropriate given the circumstances):

### Selection and Evaluation of Auditors

- (a) Select the firm of independent public accountants to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year;
- (b) Annually review and approve the terms of engagement and approve the remuneration of Corporation's independent auditor; and
- (c) Review the performance of the Corporation's independent auditor and terminate or replace the independent auditor when circumstances warrant.

### Independence of Auditors

- (a) Ensure that the Corporation's independent auditor is independent and capable of exercising impartial judgment on all issues encompassed within its engagement. Regard shall be had to all applicable rules and regulations relating to independence, including those with respect to financial relationships, employment relationships, business relationships, the provision of non-audit services, contingent fees, partner rotation and compensation;
- (b) Ensure that the independent auditor delivers to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with the PCAOB Independence Standards Board Standard 1;
- (c) Actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor; and
  - (d) Take appropriate action to satisfy itself of the auditor's independence.

### General Responsibility for Oversight of Auditors

- (a) The Corporation's independent auditor shall be ultimately accountable to the Committee and the Committee shall be responsible for the appointment (subject to shareholder approval), compensation, retention and oversight of the work of the Corporation's independent auditor;
- (b) Pre-approve all audit and permitted non-audit services to be provided by the independent auditor. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the independent auditor, which policies and procedures are detailed as to the particular service. All non-audit services to be provided to the Corporation or any of its subsidiaries by the independent auditor or any of its subsidiaries which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee; and
- (c) Resolve all disagreements between management and the independent auditor regarding financial reporting.

### Oversight of Annual Audit and Quarterly Financial Statements

- (a) Review and approve the annual audit plan of the Corporation's independent auditor, including the audit and non-audit services that the auditor is providing for the Corporation and its subsidiaries, the level of responsibility assumed by the auditor under generally accepted auditing standards and a summary of the audit approach;

A-2



- Before the release of annual financial statements, discuss with the independent auditor all matters required by AICPA AU Section 380 (including the independent auditor's responsibility under GAAP, the selection of and changes in significant accounting policies or their application, management judgments and accounting estimates,
- (b) significant audit adjustments, the independent auditor's responsibility for information other than financial statements, disagreements with management, consultation with other accountants, and difficulties encountered in performing the audit) and CICA Handbook section 5751 (which governs the communications between the independent auditors and the Committee);
  - (c) Receive a report from the Corporation's independent auditor, prior to the filing of the audit report with the SEC regarding:
    - (i) all critical accounting policies and practices used by the Corporation; and
    - (ii) other material communications between the independent auditor and management;
  - (d) Review and discuss with management the quarterly financial statements. Discuss with the independent auditor the results of its procedures on the statements.
    - (e) Prior to any disclosure, review and recommend to the Board for approval:
      - (i) the annual financial statements and related documents (MD&A, AIF, etc.);
      - (ii) the quarterly financial reports and related documents (including MD&A); and
    - (iii) other disclosure documents containing financial information that would likely be material to either the quarterly or annual financial statements.

### **Oversight and Monitoring of Other Financial Disclosures**

- Review and recommend to the Board for approval all financial information of the Corporation contained in any
- (a) prospectus, annual information form, information circular or similar document of the Corporation, and any earnings press release to be issued in conjunction with the annual and quarterly results;
 

Annually or more frequently as required, discuss with management the types of financial and operational information and earnings guidance to be disclosed to credit rating agencies that are subject to confidentiality
  - (b) agreements. The Committee need not discuss in advance with management each instance in which the Corporation gives earnings guidance to credit rating agencies, unless the substance of a presentation to any credit rating agency constitutes a material shift in the Corporation strategy not previously approved by the Board;
 

Annually or more frequently as required, discuss with management the types of financial and operational information and earnings guidance to be disclosed to analysts or shareholders (in groups or one-on-one) and the processes for ensuring that new material information is first or simultaneously disseminated in the public domain
  - (c) and subsequently included on the Corporation's website. The Committee need not discuss in advance with management each instance in which the Corporation gives earnings guidance to analysts, unless the substance of a presentation to any analyst constitutes a material shift in the Corporation strategy not previously approved by the Board; and
    - (d) Review the public disclosure required in connection with the Committee's pre-approval of audit and non-audit services provided by the independent auditor.

### **Oversight of Financial Reporting Processes and Internal Controls**

- Review with management, internal audit and the independent auditor the adequacy and effectiveness of the
- (a) Corporation's accounting and internal control policies and procedures, including controls and security of the computerized information systems.
    - (b) Review with management its compliance with prescribed policies, procedures and internal control;

A-3

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- (c) Review with management, internal audit and the independent auditor any reportable conditions and material weaknesses affecting internal control;
- (d) Establish and maintain free and open means of communication between and among the Board, the Committee, the Corporation's independent auditor, internal audit and the Corporation's management; and
- (e) Review with management major financial and asset related risks and the steps taken to monitor and control such risks.

### **Oversight of Internal Audit**

- (a) Review and discuss with the SVP, Compliance & Risk Management the scope of work of the internal audit function, its plans and the issues identified as a result of its work and how management is addressing these issues;
- (b) Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function;
  - (c) Review and approve the Internal Audit charter and any proposed amendments thereto;
- (d) Review the performance and approve the appointment or dismissal of the SVP, Compliance & Risk Management;
  - (e) Meet separately with the SVP, Compliance & Risk Management at least quarterly basis; and
  - (f) Review summaries of significant internal audit reports and management's responses.

### **Other Matters**

- (a) Meet with outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation;
  - Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding
- (b) accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
  - Review and approve all related party transactions with any director or nominee, executive officer, holder of more than 5% of any class of the Corporation's voting securities or any family member of the foregoing persons, other
- (c) than those related party transactions in respect of which the Board has delegated review and approval to a special committee of independent directors.
- (d) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts for this purpose.
- (e) Discuss with management the Corporation's policies and processes with respect to risk assessment and risk management, and recommend appropriate modifications (if any); and
- (f) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

### **With respect to the duties and responsibilities listed above, the Committee should:**

- (a) Report regularly to the Board on its activities, as appropriate;
- (b) Exercise reasonable diligence in gathering and considering all material information;
- (c) Understand and weigh alternative courses of conduct that may be available;
- (d) Focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action;
  - If the Committee deems it appropriate, secure independent expert advice and understand the expert's findings and
- (e) the basis for such findings, including retaining independent counsel, accountants or others to assist the Committee in fulfilling its duties and responsibilities;

A-4

- (f) Provide management and the Corporation's independent auditor with appropriate opportunities to meet privately with the Committee; and
- (g) Review the Charter of the Audit Committee annually and recommend it to the Board.

## **V. MEETINGS OF THE COMMITTEE**

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Committee shall meet at least quarterly with management, internal audit and the Corporation's independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Chairman should work with the Chief Financial Officer, General Counsel and management to establish the agendas for Committee meetings. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities and provide copies of such minutes to the Board.

## **VI. ADVISORS AND FUNDING**

The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

## **VII. DISCLOSURE AND REVIEW OF CHARTER**

The charter shall be (1) published in the Corporation's annual report or information circular once every three years or following a material amendment to it; or (2) be posted in an up-to-date format on the Corporation's web site. The Committee should review and reassess annually the adequacy of this Charter as required by the applicable rules of Nasdaq.

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management has the responsibility for preparing the financial statements and implementing internal controls and the independent auditor have the responsibility of auditing the financial statements. Similarly, it is not the responsibility of the Committee to resolve disagreements, if any, between management and the independent auditor or to ensure that the Corporation complies with all laws and regulations.

**EXHIBIT B**

**CORPORATE GOVERNANCE**

**DISCLOSURE OF CORPORATE GOVERNANCE  
PRACTICES  
(CANADIAN NATIONAL INSTRUMENT 58-101)**

The directors of MDC Partners Inc. consider good corporate governance to be central to the effective and efficient operation of the Company. The business of the Company is supervised by its Board of Directors, directly and through its committees. The Canadian Securities Administrators require disclosure on an annual basis of the Company's corporate governance practices in accordance with Form 58-101 *Disclosure of Corporate Governance Practices*. The Company's corporate governance practices are set out below.

**The Board of Directors**

In determining whether a particular director is independent, the Board examines the factual circumstances in the context of that particular year. The Board proposed for election in this Circular is composed of five (5) members, all of whom are considered to be independent directors with the exception of Mr Kauffman, who is a member of management. The following directors of MDC Partners also serve as directors (or senior executive officers) of companies that are reporting issuers (or the equivalent) in Canada or the U.S.:

**Scott L. Kauffman:** currently serves as the Chairman and Chief Executive Officer. He is also Chairman of several venture-backed internet companies.

**Clare Copeland:** currently serves as Vice Chairman of Falls Management Company. He is also a trustee of RioCan Real Estate Investment Trust, Chesswood Income Fund, and Telesat, and a director of Entertainment One Ltd.

**Larry Kramer:** currently serves as Chairman and Interim Chief Executive Officer of The Street Inc. He is also a director of Gannett and a trustee at both Syracuse University and Harvard Business School Publishing.

**Anne Marie O Donovan:** currently serves as President and director of O Donovan Advisory Services Ltd. She is also a director of Indigo Books & Music Inc.

**Irwin D. Simon:** currently serves as President, Chief Executive Officer and director of The Hain Celestial Group.

All independent directors frequently meet at the beginning or end of each regularly scheduled quarterly Board or Committee meeting without non-independent directors and management present. The Board has access to information independent of management through MDC Partners' auditor who reports to the Audit Committee. The specific responsibilities of the Board include reviewing and approving all major strategic decisions, including any change in the strategic direction of MDC Partners and acquisitions and/or divestitures and other matters (such as guarantees) in excess of \$5 million; reviewing and approving annual budgets, including capital expenditure plans; reviewing and approving operating results for each quarter and year to date. As part of its ongoing activities, the Board regularly receives and comments upon reports of management as to the performance of MDC Partners' business and

management's expectations. The Board is therefore of the view that the appropriate structures and procedures are in place to ensure that it can function independent of management.

Effective as of July 20, 2015, the Board appointed Mr. Irwin Simon as the Presiding Director of the Board. Mr. Simon is independent.

B-1

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## Board Mandate

The Board of Directors recently adopted a set of Corporate Governance Guidelines as a framework within which the Board and its Committees will conduct its business. A copy of the Guidelines is available free of charge at MDC Partners website at <http://www.mdc-partners.com/#investors/corporate-governance>.

## Position Descriptions

The Company's bylaws and the Charters of each Board committee provide a detailed description of the roles and responsibilities of the Board (including the Chairman), management and each committee of the Board and their respective chairs.

The primary functions of the CEO are to lead the management of our businesses and affairs in accordance with the Company's strategic plan and operating and capital budgets, as approved by the Board.

The Board has developed a written position description and mandate, which sets forth the CEO's key responsibilities. These responsibilities include the following: (a) develop and recommend to the Board a long-term strategy and vision for the Company that leads to creation of shareholder value; (b) develop and recommend to the Board annual business plans and budgets that support the Company's long-term strategy; (c) consistently strive to achieve the Company's financial and operating goals and objectives; and (d) develop the corporate and partner management teams and succession plans.

The Human Resources & Compensation Committee (described below) is responsible for establishing, monitoring and evaluating objectives and standards of performance for the Chief Executive Officer and other executive officers on an annual basis. Salary, bonus, loans or other payments for the benefit of the Chief Executive Officer must be reviewed and approved by the Human Resources & Compensation Committee. Related party expenses for services rendered and in the nature of expense reimbursement must also be approved by the Human Resources & Compensation Committee.

## Orientation and Continuing Education

New directors to MDC Partners have generally been executives with extensive business experience and directorship responsibilities on the boards of other public and private institutions. Orientation for these individuals is provided through a review of past Board materials and other private and public documents concerning MDC Partners. In addition, Board members are encouraged to attend (at the cost and expense of the Company) continuing education programs identified by the Nominating and Corporate Governance Committee each year to ensure that they maintain the skills necessary for them to meet their obligations as directors.

## Ethical Business Conduct

The Company has adopted a Code of Conduct, which applies to all directors, officers (including the Company's Chief Executive Officer and Chief Financial Officer) and employees of the Company and its subsidiaries. The Code of Conduct was adopted in order to help directors, officers and employees resolve ethical issues. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality of information and compliance with laws. The Company's policy is to not permit any waiver of the Code of Conduct for any director or executive officer, except in extremely limited circumstances. The Board, through the Audit Committee, monitors and assesses and claims alleged under the Code of Conduct. Any waiver of this Code of Conduct for directors or officers of the Company must be approved by the Company's Board of Directors. Amendments to and waivers of the Code of

Conduct will be publicly disclosed as required by applicable laws, rules and regulations. The Code of Conduct is available free of charge on the Company's website at <http://www.mdc-partners.com>, or by writing to MDC Partners Inc., 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, Attention: Investor Relations.

## **Nomination of Directors**

The Nominating and Corporate Governance Committee is composed of three (3) members, all of whom are considered to be independent. The Nominating and Corporate Governance Committee is responsible for reviewing and making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board. The Nominating and Corporate Governance Committee

B-2

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is also responsible for evaluating the performance of the Board as a whole and for reporting to the Board with respect to appropriate candidates for nominations to the Board. The current members of the Nominating and Corporate Governance Committee are Irwin Simon (Chairman), Larry Kramer and Anne Marie O'Donovan. The Nominating and Corporate Governance Committee's current charter is available at [http://www.mdc-partners.com/#/corporate\\_info/committees](http://www.mdc-partners.com/#/corporate_info/committees). The Company will disclose any amendments to, or waivers of, the charter on its website at [www.mdc-partners.com](http://www.mdc-partners.com) in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

The Nominating and Corporate Governance Committee identifies, selects and recommends to the Board individuals qualified to serve both on the Board and on Board committees, including persons suggested by shareholders and others. In identifying candidates for nominations to the Board, the Nominating and Corporate Governance Committee seeks to maintain at all times a Board with a diverse range of experience, talent, expertise and background appropriate for the business of the Company. The Nominating and Corporate Governance Committee does not require any specific minimum qualifications or specific qualities or skills, but reviews each person's qualifications on the whole, including a candidate's particular experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Nominating and Corporate Governance Committee considers appropriate in the context of the needs of the Board. Following that review, the Nominating and Corporate Governance Committee then selects nominees and recommends them to the Board for election by the shareholders or appointment by the Board, as the case may be. The Nominating and Corporate Governance Committee also reviews the suitability of each Board member for continued service as a director when that member's term expires or that member experiences a significant change in status (for example, a change in employment). The Nominating and Corporate Governance Committee has not implemented any particular additional policies or procedures with respect to suggestions received from shareholders with respect to Board or committee nominees.

Pursuant to its charter, the Nominating and Corporate Governance Committee may conduct or authorize investigations or studies into matters within its scope of responsibilities and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it may deem necessary from time to time. The Nominating and Corporate Governance Committee has the sole authority to retain or terminate any search firm to be used to identify director candidates, including the sole authority to approve its fees and retention terms, with the Company bearing the cost of such fees.

## **Director Term Limits**

The Board believes that the need to have experienced directors who are familiar with the business of the Company must be balanced with the need for fresh perspectives and a proactive approach. The Board has not adopted formal director term limits or other mechanisms of board renewal, in part, because the imposition of director term limits on a board implicitly discounts the value of experience and continuity among board members and runs the risk of excluding experienced and potentially valuable board members as a result of an arbitrary determination. In addition, imposing this restriction means the Board would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of the Company over time. The Board does not believe that long tenure impairs a director's ability to act independently of management.

## **Policies Regarding the Representation of Women on the Board**

The Company has not adopted a written policy relating to the identification and nomination of women directors to the Company's board of directors but rather has an informal, unwritten policy. The Company generally considers diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for board

membership. As evidence of this approach, the Board nominated Ms. O Donovan to join the Board in 2016.

B-3

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## **Consideration of the Representation of Women in the Director Identification and Selection Process**

In identifying and nominating candidates for election or re-election to the board of directors, the Board considers the level of representation of women on the board, in addition to the competencies, skills and personal and other diverse qualities required for new directors in order to add value to the Company in light of opportunities and risks facing the Company. Selection of female candidates to the board will be, in part, dependent upon the pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contribution the chosen candidate will bring to the board.

## **Consideration of the Representation of Women in Executive Officer Appointments**

In appointing executive officers to the management team, the Company considers the level of representation of women in executive officer positions, and also takes into account the following factors: the competencies, skills and personal and other diverse qualities required for new executive officers in order to add value to the Company in light of opportunities and risks facing the Company.

## **Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Company has not adopted a target for women on the board of directors because the Company does not believe that any director nominee should be chosen nor excluded because of gender. In selecting a director nominee, such as recently appointed Ms. O'Donovan, the Nominating and Corporate Governance Committee focuses on skills, expertise and background that would complement the existing Board. Directors will be recruited based on their ability and potential for meaningful contributions.

Similarly, the Company has not adopted a target for women in executive officer positions because the Company does not believe that any candidate for an executive officer position should be chosen nor excluded because of gender. In selecting candidates, the Company considers the skills, expertise and background that would complement the existing management team. Executive officers will be recruited based on their ability and contributions.

## **Number of Women on the Board and in Executive Officer Positions**

As of the date of this Proxy Statement and Management Information Circular, (i) there is one woman on the Company's Board of Directors, representing 16.7% of the directors and (ii) six (6) of the Company's executive officers are women, representing 30% of the Company's executive officers.

## **Compensation**

The Human Resources & Compensation Committee is composed of four members, all of whom are considered to be independent. The Human Resources & Compensation Committee makes recommendations to the Board on, among other things, the compensation of senior executives. The Human Resources & Compensation Committee discusses

personnel and human resources matters including recruitment and development, management succession and benefits plans and grants awards under the 2011 Stock Incentive Plan, the 2005 Stock Incentive Plan and the SARs Plan.

Salary, bonus or other payments for the benefit of senior management are reviewed and approved by the Human Resources & Compensation Committee. The Human Resources & Compensation Committee reviews the compensation of members of the Board on an annual basis and makes recommendations to the Board. The Board considers their remuneration appropriate given the time commitment, risk and responsibilities associated with the position. The current members of the Human Resources & Compensation Committee are Clare Copeland (Chairman), Larry Kramer, Anne Marie O'Donovan and Irwin Simon. The Human Resources & Compensation Committee's current charter is available at <http://www.mdc-partners.com/#investors/corporate-governance>. The Company will disclose any amendments to, or waivers of, the charter on its website at [www.mdc-partners.com](http://www.mdc-partners.com) in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

## Other Board Committees

The Board conducts its business through meetings of the Board and three standing committees: the Audit Committee, the Human Resources & Compensation Committee and the Nominating and Corporate Governance Committee.

Copies of the charters of these committees are available, free of charge at MDC Partners' website located at <http://www.mdc-partners.com/#investors/corporate-governance>.

B-4

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In addition, from time to time, special committees may be established under the direction of the Board when necessary to address specific issues.

## **Assessments**

The Nominating and Corporate Governance Committee is responsible for developing and recommending standards of performance of the Board, its committees and the individual directors through administration of an annual questionnaire. It is the responsibility of the Nominating and Corporate Governance Committee to assess the effectiveness of the Board as a whole and the committees of the Board. Participation of directors is expected at all Board and committee meetings. Directors are asked to notify MDC Partners if they are unable to attend, and attendance at meetings is duly recorded.

B-5

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EXHIBIT C

**MDC PARTNERS INC.**

**2016 STOCK INCENTIVE PLAN  
(As Adopted )**

**1. Purpose of the Plan**

This MDC Partners Inc. 2016 Stock Incentive Plan is intended to promote the interests of the Company and its shareholders by providing the employees and consultants of the Company and eligible non-employee directors of MDC Partners Inc., who are largely responsible for the management, growth and protection of the business of the Company, with incentives and rewards to encourage them to continue in the service of the Company. The Plan is designed to meet this intent by providing such employees, consultants and eligible non-employee directors with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

**2. Definitions**

As used in the Plan, the following definitions apply to the terms indicated below:

(a) Board of Directors means the Board of Directors of MDC Partners Inc.

(b) Change in Control means the occurrence of any of the following:

Any Person becoming the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act, a Beneficial Owner ) of fifty percent (50%) or more of the combined voting power of MDC s then outstanding voting securities ( Voting Securities ); provided, however that a Change in Control shall not be deemed to occur by reason of an acquisition of Voting Securities directly from MDC or by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) MDC or any Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by MDC (the MDC Group ), (B) any member of the MDC Group, or (C) any Person in connection with a Non-Control Transaction (as such term is hereinafter defined);

(ii) The individuals who, as of April 22, 2016, are members of the Board of Directors (the Incumbent Board ), cease for any reason to constitute at least a majority of the members of the Board of Directors; provided, however that if the election, or nomination for election by MDC s shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall, for purposes of the Plan, be considered as a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of an actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a Proxy Contest ) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) The consummation of:

A merger, consolidation or reorganization with or into MDC or in which securities of MDC are issued, unless such (A) merger, consolidation or reorganization is a Non-Control Transaction. A Non-Control Transaction is a merger, consolidation or reorganization with or into MDC or in which securities of MDC are issued where:

(I) the stockholders of MDC, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least sixty percent (60%) of the

combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the Surviving Corporation ) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

C-1

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- the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least a majority of the members of the board of directors of the Surviving Corporation, or a corporation beneficially owning a majority of the voting securities of the Surviving Corporation,
- (II) no Person other than (1) any member of the MDC Group, (2) any employee benefit plan (or any trust forming a part thereof) maintained immediately prior to such merger, consolidation or reorganization by any member of the MDC Group, or (3) any Person who, immediately prior to such merger, consolidation or reorganization
- (III) Beneficially Owns twenty-five percent (25%) or more of the then outstanding Voting Securities, owns, directly or indirectly, fifty percent (50%) or more of the combined voting power of the Surviving Corporation's voting securities outstanding immediately following such transaction;
- (B) A complete liquidation or dissolution of the Company; or
- (C) The sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a member of the MDC Group).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the Subject Person) becomes the Beneficial Owner of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

- (c) Class A Shares means MDC's Class A subordinate voting shares, without par value, or any other security into which such shares shall be changed pursuant to the adjustment provisions of Section 10 of the Plan.
- (d) Code means the Internal Revenue Code of 1986, as amended from time to time.
- Committee means the Human Resources & Compensation Committee of the Board of Directors or such other
- (e) committee as the Board of Directors shall appoint from time to time to administer the Plan and to otherwise exercise and perform the authority and functions assigned to the Committee under the terms of the Plan.
- (f) Company means MDC and each of its Subsidiaries, collectively.
- (g) Covered Employee means a Participant who at the time of reference is a covered employee as defined in Code Section 162(m) and the regulations promulgated under Code Section 162(m), or any successor statute.
- (h) Director means a member of the Board of Directors who is not at the time of reference an employee of the Company.
- (i) Exchange Act means the Securities Exchange Act of 1934, as amended.

C-2

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- Fair Market Value means, with respect to a Class A Share, as of the applicable date of determination (i) the closing sales price on the immediately preceding business day of Class A Shares as reported on the principal securities exchange on which such shares are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and ask prices on the immediately preceding business day as reported on the National Association of Securities Dealers Automated Quotation System or (iii) if not so reported, as furnished by any member of the National Association of Securities Dealers, Inc. selected by the Committee. In the event that the price of Class A Shares shall not be so reported, the Fair Market Value of Class A Shares shall be determined by the Committee in its absolute discretion.
- (j) Incentive Award means an Option, SAR or Other Stock-Based Award granted to a Participant pursuant to the terms of the Plan.
- (k) MDC means MDC Partners Inc., a corporation established under the Canadian Business Corporation Act, and any successor thereto.
- (l) Option means a non-qualified stock option to purchase Class A Shares granted to a Participant pursuant to Section 6.
- (m) Other Stock-Based Award means an equity or equity-related award granted to a Participant pursuant to Section 8, including without limitation a restricted stock award.
- (n) Participant means a Director, employee or consultant of the Company, including any person or company engaged to provide ongoing management or consulting services for the Company and, at the discretion of any of the foregoing persons, and subject to any required regulatory approvals and conditions, a personal holding company controlled by such person, who or which is eligible to participate in the Plan and to whom one or more Incentive Awards have been granted pursuant to the Plan and, following the death of any such natural person, his successors, heirs, executors and administrators, as the case may be.
- (o) Performance-Based Compensation means compensation that satisfies the requirements of Section 162(m) of the Code for deductibility of remuneration paid to Covered Employees.
- (p) Performance Measures means such measures as are described in Section 9 on which performance goals are based in order to qualify certain awards granted hereunder as Performance-Based Compensation.
- (q) Performance Period means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Incentive Award that is intended to qualify as Performance-Based Compensation.
- (r) Permitted Acceleration Event means (i) with respect to any Incentive Award that is subject to performance-based vesting, the full or partial vesting of such Incentive Award based on satisfaction of the applicable performance-based conditions, (ii) the occurrence of a Change in Control or an event described in Section 10(b), (c) or (d) or (iii) any termination of the employment of a Participant, other than a termination for cause (as defined by the Committee) or voluntary termination prior to retirement (as defined by the Committee).
- (s) Person means a person as such term is used in Section 13(d) and 14(d) of the Exchange Act.
- (t) Plan means this MDC Partners Inc. 2016 Stock Incentive Plan, as it may be amended from time to time.
- (u) SAR means a stock appreciation right granted to a Participant pursuant to Section 7.
- (v) Securities Act means the Securities Act of 1933, as amended.
- (w) Subsidiary means any subsidiary corporation within the meaning of Section 424(f) of the Code or any other entity that the Committee determines from time to time should be treated as a subsidiary corporation for purposes of this Plan.
- (x)

C-3

### 3. Stock Subject to the Plan; Additional Limitations

(a) In General

Subject to adjustment as provided in Section 10 and the following provisions of this Section 3, the maximum number of Class A Shares that may be covered by Incentive Awards granted under the Plan shall not exceed 1,500,000 Class A Shares. Class A Shares issued under the Plan may be either authorized and unissued shares or treasury shares, or both, at the discretion of the Committee. In addition, at the discretion of the Compensation Committee, Class A Shares authorized for issuance under this Plan may be issued to employees of the Company to satisfy the exercise of SARS Awards under the Company's Stock Appreciation Rights Plan, as amended.

For purposes of the preceding paragraph, Class A Shares covered by Incentive Awards shall only be counted as used to the extent they are actually issued and delivered to a Participant (or such Participant's permitted transferees as described in the Plan) pursuant to the Plan. For purposes of clarification, in accordance with the preceding sentence if Class A Shares are withheld to satisfy any tax withholding requirement in connection with an Other Stock-Based Award only the shares issued (if any), net of the shares withheld, will be deemed delivered for purposes of determining the number of Class A Shares that are available for delivery under the Plan.

Subject to adjustment as provided in Section 10, the maximum number of Class A Shares that may be covered by Incentive Awards granted under the Plan to any single Participant in any fiscal year of the Company shall not exceed 300,000 shares, prorated on a daily basis for any fiscal year of the Company that is shorter than 365 days.

(b) Prohibition on Substitutions and Repricings

In no event shall any new Incentive Awards be issued in substitution for outstanding Incentive Awards previously granted to Participants, nor shall any repricing (within the meaning of US generally accepted accounting practices or any applicable stock exchange rule) of Incentive Awards issued under the Plan be permitted at any time under any circumstances, in each case unless the shareholders of the Company expressly approve such substitution or repricing.

(c) Annual Limitation on Grants

The Committee shall limit annual grants of equity awards under this Plan to executive officers of the Company to an aggregate amount equal to not more than two percent (2%) of the number of issued and outstanding shares of the Company's capital stock at the beginning of the Company's fiscal year. In addition, each independent Director shall not receive Incentive Awards (including option grants) with a current market value in excess of \$150,000 or option grants with a current market value in excess of \$100,000 in any given fiscal year.

(d) Minimum Vesting Period of One (1) Year for All Incentive Awards

In no event shall any new Incentive Award granted under this Plan vest or otherwise become payable earlier than one (1) year following the date on which it is granted, other than upon the occurrence of a Permitted Acceleration Event.

(e) Effect of Change of Control

Any new Incentive Award granted under this Plan that is subject to time-based vesting terms and conditions shall not become fully and immediately vested and exercisable solely as a result of the occurrence of a Change of Control, absent a termination of employment without cause or for good reason following any such Change of Control. Any new Incentive Award granted under this Plan that is subject to performance-based vesting terms and conditions shall not become fully and immediately vested and exercisable solely as a result of the occurrence of a Change of Control, absent a termination of employment without cause or for good reason following any such Change of Control and shall be adjusted on a pro-rata basis as determined by the Committee.



## 4. Administration of the Plan

The Plan shall be administered by a Committee of the Board of Directors consisting of two or more persons, each of whom qualify as non-employee directors (within the meaning of Rule 16b-3 promulgated under Section 16 of the Exchange Act), and as outside directors within the meaning of Treasury Regulation Section 1.162-27(e)(3). The

Committee shall, consistent with the terms of the Plan, from time to time designate those who shall be granted Incentive Awards under the Plan and the amount, type and other terms and conditions of such Incentive Awards. All of the powers and responsibilities of the Committee under the Plan may be delegated by the Committee, in writing, to any subcommittee thereof. In addition, the Committee may from time to time authorize a committee consisting of one or more Directors to grant Incentive Awards to persons who are not executive officers of MDC (within the meaning of Rule 16a-1 under the Exchange Act), subject to such restrictions and limitation as the Committee may specify. In addition, the Board of Directors may, consistent with the terms of the Plan, from time to time grant Incentive Awards to Directors.

The Committee shall have full discretionary authority to administer the Plan, including discretionary authority to interpret and construe any and all provisions of the Plan and the terms of any Incentive Award (and any agreement evidencing any Incentive Award) granted thereunder and to adopt and amend from time to time such rules and regulations for the administration of the Plan as the Committee may deem necessary or appropriate. Without limiting the generality of the foregoing, (i) the Committee shall determine whether an authorized leave of absence, or absence in military or government service, shall constitute termination of employment and (ii) the employment of a Participant with the Company shall be deemed to have terminated for all purposes of the Plan if such person is employed by or provides services to a Person that is a Subsidiary of the Company and such Person ceases to be a Subsidiary of the Company, unless the Committee determines otherwise. Decisions of the Committee shall be final, binding and conclusive on all parties.

On or after the date of grant of an Incentive Award under the Plan, the Committee may (i) extend the term of any such Incentive Award, including, without limitation, extending the period following a termination of a Participant's employment during which any such Incentive Award may remain outstanding, (ii) waive any conditions to the exercisability or transferability, as the case may be, of any such Incentive Award or (iii) provide for the payment of dividends or dividend equivalents with respect to any such Incentive Award.

No member of the Committee shall be liable for any action, omission, or determination relating to the Plan, and MDC shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

## 5. Eligibility

The Persons who shall be eligible to receive Incentive Awards pursuant to the Plan shall be those Directors and employees of the Company, including any person or company engaged to provide ongoing management or consulting services for the Company and, at the discretion of any of the foregoing persons, and subject to any required regulatory approvals and conditions, a personal holding company controlled by such person, whom the Committee shall select from time to time. All Incentive Awards granted under the Plan shall be evidenced by a separate written agreement entered into by the Company and the recipient of such Incentive Award.

## 6. Options

The Committee may from time to time grant Options, subject to the following terms and conditions:

(a) **Exercise Price**  
The exercise price per Class A Share covered by any Option shall be not less than 100% of the Fair Market Value of a Class A Share on the date on which such Option is granted.

C-5

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(b) Term and Exercise of Options

Each Option shall become vested and exercisable on such date or dates, during such period and for such number of Class A Shares as shall be determined by the Committee on or after the date such Option is granted; provided, however that no Option shall be exercisable after the expiration of ten years from the date such Option is granted; (1) provided, further that no Option shall become exercisable earlier than one year after the date on which it is granted, other than upon the occurrence of a Permitted Acceleration Event; and, provided, further, that each Option shall be subject to earlier termination, expiration or cancellation as provided in the Plan or in the agreement evidencing such Option.

Each Option may be exercised in whole or in part; provided, however that no partial exercise of an Option shall be (2) for an aggregate exercise price of less than \$1,000. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof.

(3) An Option shall be exercised by such methods and procedures as the Committee determines from time to time, including without limitation through net physical settlement or other method of cashless exercise.

Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by (4) will or by the laws of descent or distribution and may be exercised, during the lifetime of a Participant, only by the Participant.

(c) Effect of Termination of Employment or other Relationship

The agreement evidencing the award of each Option shall specify the consequences with respect to such Option of the termination of the employment, service as a director or other relationship between the Company and the Participant holding the Option.

## 7. Stock Appreciation Rights

The Committee may from time to time grant SARs, subject to the following terms and conditions:

(a) Stand-Alone and Tandem; Cash and Stock-Settled

SARs may be granted on a stand-alone basis or in tandem with an Option. Tandem SARs may be granted contemporaneously with or after the grant of the Options to which they relate. SARs may be settled in Class A Shares or in cash.

(b) Exercise Price

The exercise price per Class A Share covered by any SAR shall be not less than 100% of the Fair Market Value of a Class A Share on the date on which such SAR is granted; provided, however that the exercise price of an SAR that is tandem to an Option and that is granted after the grant of such Option may have an exercise price less than 100% of the Fair Market Value of a Class A Share on the date on which such SAR is granted provided that such exercise price is at least equal to the exercise price of the related Option.

(c) Benefit Upon Exercise

The exercise of an SAR with respect to any number of Class A Shares prior to the occurrence of a Change in Control shall entitle the Participant to (i) a cash payment, for each such share, equal to the excess of (A) the Fair Market Value of a Class A Share on the effective date of such exercise over (B) the per share exercise price of the SAR, (ii) the issuance or transfer to the Participant of the greatest number of whole Class A Shares which on the date of the exercise of the SAR have an aggregate Fair Market Value equal to such excess or (iii) a combination of cash and Class A Shares in amounts equal to such excess, as determined by the Committee. The exercise of an SAR with respect to any number of Class A Shares upon or after the occurrence of a Change in Control shall entitle the Participant to a cash payment, for each such share, equal to the excess of (i) the greater of (A) the highest price per share of Class A Shares paid in connection with such Change in Control



and (B) the Fair Market Value of Class A Shares on the effective date of exercise over (ii) the per share exercise price of the SAR. Such payment, transfer or issuance shall occur as soon as practical, but in no event later than five business days, after the effective date of exercise.

(d) Term and Exercise of SARs

Each SAR shall become vested and exercisable on such date or dates, during such period and for such number of Class A Shares as shall be determined by the Committee on or after the date such SAR is granted; provided, however that no SAR shall be exercisable after the expiration of ten years from the date such SAR is granted; (1) provided, further that no SAR shall become exercisable earlier than one year after the date on which it is granted, other than upon the occurrence of a Permitted Acceleration Event; and, provided, further, that each SAR shall be subject to earlier termination, expiration or cancellation as provided in the Plan or in the agreement evidencing such SAR.

Each SAR may, to the extent vested and exercisable, be exercised in whole or in part; provided, however that no (2) partial exercise of an SAR shall be for an aggregate exercise price of less than \$1,000. The partial exercise of an SAR shall not cause the expiration, termination or cancellation of the remaining portion thereof.

(3) An SAR shall be exercised by such methods and procedures as the Committee determines from time to time.

SARs may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by (4) will or by the laws of descent or distribution and may be exercised, during the lifetime of a Participant, only by the Participant.

The exercise with respect to a number of Class A Shares of an SAR granted in tandem with an Option shall cause (5) the immediate cancellation of the Option with respect to the same number of shares. The exercise with respect to a number of Class A Shares of an Option to which a tandem SAR relates shall cause the immediate cancellation of the SAR with respect to an equal number of shares.

(e) Effect of Termination of Employment or other Relationship

The agreement evidencing the award of each SAR shall specify the consequences with respect to such SAR of the termination of the employment, service as a director or other relationship between the Company and Participant holding the SAR.

## 8. Restricted Stock Awards and Other Stock-Based Awards

The Committee may grant equity-based or equity-related awards not otherwise described herein in such amounts and subject to such terms and conditions as the Committee shall determine. Without limiting the generality of the preceding sentence, each such Other Stock-Based Award may (i) involve the transfer of actual Class A Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Class A Shares, (ii) be subject to performance-based and/or service-based conditions, (iii) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, or share-denominated performance units and (iv) be designed to comply with applicable laws of jurisdictions other than the United States.

## 9. Performance Measures

(a) Performance Measures

The performance goals upon which the payment or vesting of any Incentive Award (other than Options and SARs) to a Covered Employee that is intended to qualify as Performance-Based Compensation depends shall relate to one or more of the following Performance Measures: revenue growth, achievement of EBITDA targets, operating income, operating cash flow, net income, earnings per share, cash earnings per share, return on sales, return on assets, return on equity, return on invested capital and total shareholder return.



Performance Periods may be equal to or longer than, but not less than, one fiscal year of the Company. Within 90 days after the beginning of a Performance Period, and in any case before 25% of the Performance Period has elapsed, the Committee shall establish (a) performance goals and objectives for the Company for such Performance Period, (b) target awards for each Participant, and (c) schedules or other objective methods for determining the applicable performance percentage to be applied to each such target award.

The measurement of any Performance Measure(s) may exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of accounting changes, each as defined by generally accepted accounting principles and as identified in the Company's audited financial statements, including the notes thereto. Any Performance Measure(s) may be used to measure the performance of the Company or a Subsidiary as a whole or any business unit of the Company or any Subsidiary or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or a published or special index that the Committee, in its sole discretion, deems appropriate.

Nothing in this Section 9 is intended to limit the Committee's discretion to adopt conditions with respect to any Incentive Award that is not intended to qualify as Performance-Based Compensation that relate to performance other than the Performance Measures.

(b) Committee Discretion

In the event that the requirements of Section 162(m) and the regulations thereunder change to permit Committee discretion to alter the Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

## 10. Adjustment Upon Changes in Class A Shares

(a) Shares Available for Grants

In the event of any change in the number of Class A Shares outstanding by reason of any stock dividend or split, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the maximum aggregate number of Class A Shares with respect to which the Committee may grant Incentive Awards and the maximum aggregate number of Class A Shares with respect to which the Committee may grant Incentive Awards to any individual Participant in any year shall be appropriately adjusted by the Committee. In the event of any change in the number of Class A Shares outstanding by reason of any other similar event or transaction, the Committee may, but need not, make such adjustments in the number and class of Class A Shares with respect to which Incentive Awards may be granted as the Committee may deem appropriate.

(b) Increase or Decrease in Issued Shares Without Consideration

Subject to any required action by the shareholders of MDC, in the event of any increase or decrease in the number of issued Class A Shares resulting from a subdivision or consolidation of Class A Shares or the payment of a stock dividend (but only on the Class A Shares), or any other increase or decrease in the number of such shares effected without receipt or payment of consideration by the Company, the Committee shall proportionally adjust the number of Class A Shares subject to each outstanding Incentive Award and the exercise price per Class A Share of each such Incentive Award.

(c) Certain Mergers

Subject to any required action by the shareholders of MDC, in the event that MDC shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of Class A Shares receive securities of another corporation), each Incentive Award outstanding on the date of such merger or

consolidation shall pertain to and apply to the securities which a holder of the number of Class A Shares subject to such Incentive Award would have received in such merger or consolidation.

C-8

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(d) Certain Other Transactions

In the event of (i) a dissolution or liquidation of MDC, (ii) a sale of all or substantially all of MDC's assets, (iii) a merger or consolidation involving MDC in which MDC is not the surviving corporation or (iv) a merger or consolidation involving MDC in which MDC is the surviving corporation but the holders of Class A Shares receive securities of another corporation and/or other property, including cash, the Committee shall, in its absolute discretion, have the power to:

cancel, effective immediately prior to the occurrence of such event, each Incentive Award (whether or not then exercisable), and, in full consideration of such cancellation, pay to the Participant to whom such Incentive Award was granted an amount in cash, for each Class A Share subject to such Incentive Award equal to the value, as (i) determined by the Committee in its reasonable discretion, of such Incentive Award, provided that with respect to any outstanding Option or SAR such value shall be equal to the excess of (A) the value, as determined by the Committee in its reasonable discretion, of the property (including cash) received by the holder of Class A Shares as a result of such event over (B) the exercise price of such Option or SAR; or provide for the exchange of each Incentive Award (whether or not then exercisable or vested) for an incentive award with respect to, as appropriate, some or all of the property which a holder of the number of Class A Shares subject to such Incentive Award would have received in such transaction and, incident thereto, make an equitable (ii) adjustment as determined by the Committee in its reasonable discretion in the exercise price of the incentive award, or the number of shares subject to the incentive award or, if appropriate, provide for a cash payment to the Participant to whom such Incentive Award was granted in partial consideration for the exchange of the Incentive Award.

(e) Other Changes

In the event of any change in the capitalization of MDC or corporate change other than those specifically referred to in paragraphs (b), (c) or (d), the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Incentive Awards outstanding on the date on which such change occurs and in such other terms of such Incentive Awards as the Committee may consider appropriate to prevent dilution or enlargement of rights.

(f) No Other Rights

Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of MDC or any other corporation. Except as expressly provided in the Plan, no issuance by MDC of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Class A Shares subject to any Incentive Award.

## 11. Rights as a Stockholder

No person shall have any rights as a stockholder with respect to any Class A Shares covered by or relating to any Incentive Award granted pursuant to the Plan until the date of the issuance of a stock certificate with respect to such shares. Except as otherwise expressly provided in Section 10 hereof, no adjustment of any Incentive Award shall be made for dividends or other rights for which the record date occurs prior to the date such stock certificate is issued.

## 12. No Special Employment Rights; No Right to Incentive Award

(a) Nothing contained in the Plan or any Incentive Award shall confer upon any Participant any right with respect to the continuation of his/her employment by or service to the Company or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease the compensation of the Participant

from the rate in existence at the time of the grant of an Incentive Award.  
C-9

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- No person shall have any claim or right to receive an Incentive Award hereunder. The Committee's granting of an Incentive Award to a Participant at any time shall neither require the Committee to grant an Incentive Award to such Participant or any other Participant or other person at any time nor preclude the Committee from making subsequent grants to such Participant or any other Participant or other person.

### 13. Securities Matters

- MDC shall be under no obligation to effect the registration pursuant to the Securities Act of any Class A Shares to be issued hereunder or to effect similar compliance under any state laws. Notwithstanding anything herein to the contrary, MDC shall not be obligated to cause to be issued or delivered any certificates evidencing Class A Shares pursuant to the Plan unless and until MDC is advised by its counsel that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which Class A Shares are traded and that the Participant has delivered all notices and documents required to be delivered to the Company in connection therewith. The Committee may require, as a condition to the issuance and delivery of certificates evidencing Class A Shares pursuant to the terms hereof, that the recipient of such shares make such covenants, agreements and representations, and that such certificates bear such legends, as the Committee deems necessary or desirable.

- The exercise of any Option granted hereunder shall only be effective at such time as counsel to MDC shall have determined that the issuance and delivery of Class A Shares pursuant to such exercise is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which Class A Shares are traded. MDC may, in its sole discretion, defer the effectiveness of an exercise of an Option hereunder or the issuance or transfer of Class A Shares pursuant to any Incentive Award pending or to ensure compliance under federal or state securities laws. MDC shall inform the Participant in writing of its decision to defer the effectiveness of the exercise of an Option or the issuance or transfer of Class A Shares pursuant to any Incentive Award. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

### 14. Withholding Taxes

#### (a) Cash Remittance

Whenever Class A Shares are to be issued upon the exercise of an Option or the grant or vesting of an Incentive Award, MDC shall have the right to require the Participant to remit to MDC in cash an amount sufficient to satisfy federal, state and local withholding tax requirements, if any, attributable to such exercise, grant or vesting prior to the delivery of any certificate or certificates for such shares or the effectiveness of the lapse of such restrictions. In addition, upon the exercise or settlement of any Incentive Award in cash, MDC shall have the right to withhold from any cash payment required to be made pursuant thereto an amount sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise or settlement.

#### (b) Stock Remittance

At the election of the Participant, subject to the approval of the Committee, when Class A Shares are to be issued upon the exercise, grant or vesting of an Incentive Award, the Participant may tender to MDC a number of Class A Shares that have been owned by the Participant for at least six months (or such other period as the Committee may determine) having a Fair Market Value at the tender date determined by the Committee to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise, grant or vesting but not greater than such withholding obligations. Such election shall satisfy the Participant's obligations under Section 14(a) hereof, if any.



(c) Stock Withholding

At the election of the Participant, subject to the approval of the Committee, when Class A Shares are to be issued upon the exercise, grant or vesting of an Incentive Award, MDC shall withhold a number of such shares having a Fair Market Value at the exercise date determined by the Committee to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise, grant or vesting but not greater than such withholding obligations. Such election shall satisfy the Participant's obligations under Section 14(a) hereof, if any.

## 15. Amendment or Termination of the Plan

The Board of Directors may at any time suspend or discontinue the Plan or revise or amend it in any respect whatsoever; provided, however, that without approval of the shareholders no revision or amendment shall except as provided in Section 10 hereof, (i) increase the number of Class A Shares that may be issued under the Plan or (ii) materially modify the requirements as to eligibility for participation in the Plan. Nothing herein shall restrict the Committee's ability to exercise its discretionary authority hereunder pursuant to Section 4 hereof, which discretion may be exercised without amendment to the Plan. No action hereunder may, without the consent of a Participant, reduce the Participant's rights under any previously granted and outstanding Incentive Award. Nothing herein shall limit the right of the Company to pay compensation of any kind outside the terms of the Plan.

## 16. No Obligation to Exercise

The grant to a Participant of an Option or SAR shall impose no obligation upon such Participant to exercise such Option or SAR.

## 17. Transfers Upon Death

Upon the death of a Participant, outstanding Incentive Awards granted to such Participant may be exercised only by the executors or administrators of the Participant's estate or by any person or persons who shall have acquired such right to exercise by will or by the laws of descent and distribution. No transfer by will or the laws of descent and distribution of any Incentive Award, or the right to exercise any Incentive Award, shall be effective to bind MDC unless the Committee shall have been furnished with (a) written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the transfer and (b) an agreement by the transferee to comply with all the terms and conditions of the Incentive Award that are or would have been applicable to the Participant and to be bound by the acknowledgements made by the Participant in connection with the grant of the Incentive Award.

## 18. Expenses and Receipts

The expenses of the Plan shall be paid by MDC. Any proceeds received by MDC in connection with any Incentive Award will be used for general corporate purposes.

## 19. Governing Law

The Plan and the rights of all persons under the Plan shall be construed and administered in accordance with the laws of the State of New York, without regard to its conflict of law principles, except to the extent that the application of New York law would result in a violation of the Canadian Business Corporation Act.

## **20. Effective Date and Term of Plan**

The Plan was adopted by the Board of Directors on April 21, 2016, subject to the approval of the Plan by the shareholders of MDC. No grants may be made under the Plan after April 22, 2026.

C-11

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# FORM OF PROXY CLASS A SHARES

## MDC PARTNERS INC.

### FORM OF PROXY

**THIS PROXY IS SOLICITED BY THE MANAGEMENT OF MDC PARTNERS INC. ( MDC PARTNERS ) FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS TO BE HELD ON JUNE 1, 2016.**

The undersigned, a shareholder of MDC Partners, hereby nominates, constitutes and appoints as his or her nominee Mr. Scott Kauffman, or failing him, Mr. Mitchell Gendel, or instead of any of the foregoing (strike out preceding names and print name of alternative nominee), with full power of substitution, to attend and vote all of the Class A Shares of MDC Partners held by the undersigned for and on behalf of the undersigned at the annual meeting of shareholders of MDC Partners to be held on Wednesday, June 1, 2016 at MDC s Innovation Centre, 745 Fifth Avenue, New York, N.Y. commencing at 10:00 a.m. (New York City time) (the Meeting ) and at any adjournment or postponement thereof in the manner indicated. If no specification is made, the shares represented by this proxy will be voted **FOR** each of the matters specified below:

The nominees proposed by management to act as directors of MDC Partners, to hold office until successors are elected at the next annual meeting of MDC Partners, or any adjournment or postponement thereof, or until his successor is otherwise elected, are:

	Vote <b>FOR</b> :	<b>WITHHOLD</b> from Voting:
Scott L. Kauffman	<input type="radio"/>	<input type="radio"/>
Clare Copeland	<input type="radio"/>	<input type="radio"/>
Larry Kramer	<input type="radio"/>	<input type="radio"/>
Anne Marie O Donovan	<input type="radio"/>	<input type="radio"/>
Irwin D. Simon	<input type="radio"/>	<input type="radio"/>

2. to Vote **FOR**  or to **WITHHOLD**  from Voting on the appointment of BDO USA, LLP to act as auditors of MDC Partners and to authorize the Audit Committee to fix their remuneration.

3. to Vote **FOR**  or **AGAINST**  the approval of the 2016 Stock Incentive Plan.

4. to Vote **FOR**  **AGAINST**  a non-binding advisory resolution on the Company s executive compensation.

**I HEREBY REVOKE ANY PRIOR PROXY OR PROXIES IN FAVOR OF THE NOMINEE. WITH RESPECT TO AMENDMENTS OR VARIATIONS TO ANY MATTER IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING, I HEREBY CONFER DISCRETIONARY AUTHORITY ON THE PERSON WHO VOTES AND ACTS ON MY BEHALF HEREUNDER TO VOTE WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE ABOVE MATTERS AND ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING, AS HE OR SHE THINKS FIT. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ON ANY VOTE OR BALLOT CALLED.**

DATED this day of , 2016.

PRINT NAME:

Edgar Filing: CATERPILLAR INC - Form 8-K

Signature of Registered Shareholder:

Number of Class A Shares Represented Hereby:

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## INSTRUCTIONS FOR PROXY:

This proxy must be dated and signed by a shareholder or his or her attorney duly authorized in writing, or if the shareholder is a corporation, by the proper officers or directors under its corporate seal, or by an officer or attorney thereof duly authorized. When signing in a fiduciary or representative capacity, please give full title as such.

**A shareholder has the right to appoint a person to attend and act for him or her and on his or her behalf at the Meeting other than the persons designated in this form of proxy.** Such right may be exercised by filling in the name of such person in the blank space provided and striking out the names of management's nominees. A person appointed as nominee to represent a shareholder need not be a shareholder of MDC Partners. **A person appointed as your proxy holder must be present at the Meeting to vote.**

If not dated, this proxy is deemed to bear the date on which it was mailed on behalf of the management of MDC Partners.

Each shareholder who is unable to attend the Meeting is respectfully requested to date and sign this form of proxy and return it using the self-addressed envelope provided.

To be valid, this proxy must be received by the proxy department of CST Trust Company, Attn: Proxy Department, not later than 10:00 a.m. (Eastern Daylight Time) on Monday, May 30, 2016, or 48 hours before the time of the holding of any adjourned or postponed Meeting, or delivered to the Chairman on the day of the Meeting or any adjournment or postponement thereof. The proxy cut off time may be waived or extended by the chairman of the meeting without notice. Proxies may be submitted by one of the following alternative methods:

**By Internet:** [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and enter the 13 digit control number printed on the form of proxy and follow the instructions on screen;

**By Phone:** [1-888-489-5760](tel:1-888-489-5760) (toll-free in North America) and enter the 13 digit control number printed on the form of proxy;

**By Email:** [proxy@canstockta.com](mailto:proxy@canstockta.com);

**By Fax:** [416-368-2502](tel:416-368-2502) or [1-866-781-3111](tel:1-866-781-3111) (toll-free in North America); or

**By Mail:** CST Trust Company, Attn. Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1.

Any of the joint holders of common shares of MDC Partners may sign a form of proxy in respect of such common shares but, if more than one of them is present at the Meeting or represented by proxy holder, then that one of them whose name appears first in the register of the holders of such common shares, or that one's proxy holder will alone be entitled to vote in respect thereof.

Any questions and requests for assistance may be directed to the  
Proxy Solicitation Agent:

The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
Canada M5X 1E2

Call Toll-Free at: 1-866-228-8614 within North America

Call Collect at: 416-867-2272 outside North America

E-mail: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

Facsimile: 416-867-2271



# FORM OF PROXY CLASS B SHARES

## MDC PARTNERS INC.

### FORM OF PROXY

**THIS PROXY IS SOLICITED BY THE MANAGEMENT OF MDC PARTNERS INC. ( MDC PARTNERS ) FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS TO BE HELD ON JUNE 1, 2016.**

The undersigned, a shareholder of MDC Partners, hereby nominates, constitutes and appoints as his or her nominee Mr. Scott Kauffman, or failing him, Mr. Mitchell Gendel, or instead of any of the foregoing (strike out preceding names and print name of alternative nominee), with full power of substitution, to attend and vote all of the Class B Shares of MDC Partners held by the undersigned for and on behalf of the undersigned at the annual meeting of shareholders of MDC Partners to be held on Wednesday, June 1, 2016 at MDC s Innovation Centre, 745 Fifth Avenue, New York, N.Y. commencing at 10:00 a.m. (New York City time) (the Meeting ) and at any adjournment or postponement thereof in the manner indicated. If no specification is made, the shares represented by this proxy will be voted **FOR** each of the matters specified below:

The nominees proposed by management to act as directors of MDC Partners, to hold office until successors are elected at the next annual meeting of MDC Partners, or any adjournment or postponement thereof, or until his successor is otherwise elected, are:

	Vote <b>FOR</b> :	<b>WITHHOLD</b> from Voting:
Scott L. Kauffman	<input type="radio"/>	<input type="radio"/>
Clare Copeland	<input type="radio"/>	<input type="radio"/>
Larry Kramer	<input type="radio"/>	<input type="radio"/>
Anne Marie O Donovan	<input type="radio"/>	<input type="radio"/>
Irwin D. Simon	<input type="radio"/>	<input type="radio"/>

2. to Vote **FOR**  or to **WITHHOLD**  from Voting on the appointment of BDO USA, LLP to act as auditors of MDC Partners and to authorize the Audit Committee to fix their remuneration.

3. to Vote **FOR**  or **AGAINST**  approval of the 2016 Stock Incentive Plan.

4. to Vote **FOR**  or **AGAINST**  a non-binding advisory resolution on the Company s executive compensation.

**I HEREBY REVOKE ANY PRIOR PROXY OR PROXIES IN FAVOR OF THE NOMINEE. WITH RESPECT TO AMENDMENTS OR VARIATIONS TO ANY MATTER IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING, I HEREBY CONFER DISCRETIONARY AUTHORITY ON THE PERSON WHO VOTES AND ACTS ON MY BEHALF HEREUNDER TO VOTE WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE ABOVE MATTERS AND ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING, AS HE OR SHE THINKS FIT. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ON ANY VOTE OR BALLOT CALLED.**

DATED this day of , 2016.

PRINT NAME:

Edgar Filing: CATERPILLAR INC - Form 8-K

Signature of Registered Shareholder:

Number of Class B Shares Represented Hereby:

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## INSTRUCTIONS FOR PROXY:

This proxy must be dated and signed by a shareholder or his or her attorney duly authorized in writing, or if the  
1. shareholder is a corporation, by the proper officers or directors under its corporate seal, or by an officer or attorney thereof duly authorized. When signing in a fiduciary or representative capacity, please give full title as such.

**A shareholder has the right to appoint a person to attend and act for him or her and on his or her behalf at the Meeting other than the persons designated in this form of proxy.** Such right may be exercised by filling in  
2. the name of such person in the blank space provided and striking out the names of management's nominees. A person appointed as nominee to represent a shareholder need not be a shareholder of MDC Partners. **A person appointed as your proxy holder must be present at the Meeting to vote.**

3. If not dated, this proxy is deemed to bear the date on which it was mailed on behalf of the management of MDC Partners.

4. Each shareholder who is unable to attend the Meeting is respectfully requested to date and sign this form of proxy and return it using the self-addressed envelope provided.

To be valid, this proxy must be received by the proxy department of CST Trust Company, Attn: Proxy Department, not later than 10:00 a.m. (Eastern Daylight Time) on Monday, May 30, 2016, or 48 hours before the time of the  
5. holding of any adjourned or postponed Meeting, or delivered to the Chairman on the day of the Meeting or any adjournment or postponement thereof. The proxy cut off time may be waived or extended by the chairman of the meeting without notice. Proxies may be submitted by one of the following alternative methods:

**By Internet:** [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and enter the 13 digit control number printed on the form of proxy and follow the instructions on screen;

**By Phone:** 1-888-489-5760 (toll-free in North America) and enter the 13 digit control number printed on the form of proxy;

**By Email:** [proxy@canstockta.com](mailto:proxy@canstockta.com);

**By Fax:** 416-368-2502 or 1-866-781-3111 (toll-free in North America); or

**By Mail:** CST Trust Company, Attn. Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1.

Any of the joint holders of common shares of MDC Partners may sign a form of proxy in respect of such common shares but, if more than one of them is present at the Meeting or represented by proxy holder, then that one of them  
6. whose name appears first in the register of the holders of such common shares, or that one's proxy holder will alone be entitled to vote in respect thereof.

Any questions and requests for assistance may be directed to the  
Proxy Solicitation Agent:

The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
Canada M5X 1E2

Call Toll-Free at: 1-866-228-8614 within North America

Call Collect at: 416-867-2272 outside North America

E-mail: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

Facsimile: 416-867-2271

