



**MOOD MEDIA CORPORATION**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

April 14, 2014

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## LETTER TO SHAREHOLDERS OF MOOD MEDIA CORPORATION

April 14, 2014

Dear Shareholder:

The board of directors and management of Mood Media Corporation (the “**Corporation**”) hereby invite you to attend the 2014 Annual and Special Meeting of Shareholders (the “**Meeting**”) to be held at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 on May 13, 2014 at 9:00 a.m. (Toronto time). The Notice of Annual and Special Meeting and the accompanying Management Information Circular describes the business to be conducted at the meeting, provides information on executive compensation and explains the Corporation’s governance and governance principles.

Following completion of the Corporation’s comprehensive strategic review process in September 2013, the board of directors (the “**Board**”) determined that the continued execution of the Corporation’s business strategy is in the best interests of the Corporation and its shareholders. In the months that followed, the Corporation instituted a number of important changes to its Board, senior management team and strategic plan that the Corporation believes has and will continue to deliver value for shareholders.

In October 2013, the Board initiated a process to review the skill set and composition of the Board and to lead a search for potential new members. The Board compiled a list of possible candidates from various sources, including from shareholders of the Corporation and then interviewed over a dozen potential candidates. In addition to complementing the current skill set of the then existing directors, the Board was determined to build a board of directors that was substantially composed of independent directors, that was committed to the long term interests of the Corporation and all of its constituents, with an appropriate balance of institutional memory and new perspectives. Following this comprehensive search process, the Board significantly refreshed its composition to augment its expertise and knowledge base. Since September 2013, the Board has appointed a total of four new directors, three of whom are independent: Kevin Dalton, who is serving as lead independent director, Gary Shenk, David Richards and Steven Richards, the Corporation’s new President and Chief Executive Officer.

Messrs. Levin, Kronengold and Warren, are being nominated with the support of Arbiter Partners Capital Management, LLC (“**Arbiter**”), who had identified and proposed these nominees to the Corporation. Arbiter is one of the Corporation’s largest shareholders, beneficially owning or having control or direction over approximately 17.5% of the Corporation’s outstanding common shares. Mr. Levin is a principal of Arbiter, a Chartered Financial Analyst and has served on the boards of two public companies listed on U.S. exchanges. Mr. Kronengold is a seasoned media executive, having been Chief Marketing Officer for BBDO and RadicalMedia prior to founding Spark361, LLC. Mr. Warren is a former Associate General Counsel of Verizon Communications, Inc.

The latest nominees, Messrs. Levin, Kronengold and Warren bring to seven the number of new directors recently appointed or nominated for election in May. Collectively, the nominees bring vast media, technology, financial and capital markets experience to the Board.

The nominees being presented to shareholders for election at the Meeting are Messrs. Steven Richards, Philippe von Stauffenberg, David Richards, Gary Shenk, Harvey Solursh, James Lanthier, Kevin Dalton, Richard Kronengold, Richard Warren and Ross Levin. The Corporation’s 2014 slate of 10 nominee directors is a key part of the Corporation’s process of enhancing Mood Media with Board renewal.

The Corporation has also significantly enhanced and expanded its executive leadership team, including, the new appointments of Steven Richards as President and Chief Executive Officer, Thomas L. Garrett Jr., as Chief Financial Officer and Executive Vice President, Ken Eissing as President of Mood North America, Claude Nahon, President, Mood International and David Van Epps, Global Chief Product Officer and Executive Vice-President of Local

Sales. The Corporation believes it has the right talent in place to propel the Corporation into its next stage of growth. The experienced executive team is driving execution and internal accountability, streamlining the Corporation's business processes and positioning the Corporation to better leverage its considerable advantages and assets.

The new Board, together with the significantly enhanced and expanded executive leadership team, is actively executing a new business plan focused on pursuing new organic growth and driving efficiencies to enhance profitability and free cash flow.

At the Meeting, Shareholders will be asked to elect these 10 nominees as directors of the Corporation for a term that will end at the close of the next annual meeting of Shareholders, until their successors are duly elected, or until a director vacates his office or is replaced in accordance with the by-laws of the Corporation. **The Board unanimously recommends that Shareholders vote FOR the election of the above nominees. Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees whose names are set forth above to be directors.**

Shareholders will also be asked to consider a resolution to re-approve, ratify and confirm the Corporation's "rolling" stock option plan in accordance with the requirements of the rules of the Toronto Stock Exchange. The board of directors believes that it is in the interest of shareholders to re-approve, ratify and confirm its option plan in order to ensure the Corporation remains competitive in attracting and retaining management talent. **The Board unanimously recommends that Shareholders vote IN FAVOUR of the resolution to re-approve, ratify and confirm the Corporation's stock option plan. Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR of such resolution.**

Please take the time to review this circular and provide your vote on the business items of the meeting. Your vote and participation is very important. Whether or not you plan to attend the meeting, please participate by completing and sending us the enclosed proxy (full details are provided inside). On behalf of the Corporation and its board of directors, we would like to thank all shareholders for their ongoing support.

Yours very truly,

*"Philippe von Stauffenberg"*

**Philippe von Stauffenberg**  
Executive Chairman



## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Mood Media Corporation (the "**Corporation**" or "**Mood**") will be held at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 on May 13, 2014, at 9:00 a.m. (Toronto time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the financial year ended December 31, 2013 and the auditors' report thereon;
2. to elect the directors of the Corporation for 2014;
3. to appoint an auditor for 2014;
4. to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution, the full text of which is reproduced in Schedule "A" to the accompanying Information Circular, re-approving, ratifying and confirming the Corporation's stock option plan; and
5. to transact such other business as may properly be brought before the Meeting.

This notice is accompanied by a form of proxy that is solicited in connection with this Meeting, the Information Circular and the Corporation's consolidated financial statements for the financial year ended December 31, 2013 and the auditors' report thereon together with the accompanying management discussion and analysis.

Shareholders registered at the close of business on March 14, 2014 are entitled to receive this notice of meeting. Shareholders who are unable to attend the Meeting in person are urged to complete, sign, date and return the enclosed form of proxy in the enclosed postage paid envelope provided for that purpose. To be valid, proxies must be received at the office of Computershare Investor Services Inc., 100 University Ave. 9<sup>th</sup> Floor, North Tower Toronto, Ontario M5J 2Y1, no later than on May 9, 2014 at 9:00 a.m. (local time) or, if the Meeting is adjourned, by 9:00 a.m. (local time) on the Business Day before the adjourned Meeting is to be reconvened. If you are a non-registered holder of common shares of Mood and have received these materials through your broker or through another intermediary, please complete and return the form(s) of proxy or other authorization form(s) provided to you by your broker or by such other intermediary in accordance with their instructions. Failure to do so may result in your Mood Shares not being eligible to be voted at the Meeting.

Dated: April 14, 2014.

By order of the board of directors,

*"Philippe von Stauffenberg"*

**Philippe von Stauffenberg**  
Executive Chairman

## MANAGEMENT INFORMATION CIRCULAR

### CAUTIONARY STATEMENT WITH RESPECT TO FORWARD LOOKING STATEMENTS

This management information circular (the “**Information Circular**”) contains “forward-looking statements” which reflect the current expectations of management of Mood regarding the Corporation’s future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as “may”, “would”, “could”, “should”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour”, “seek”, “predict”, “potential” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management of the Corporation. Forward-looking statements involve significant risks, uncertainties and assumptions, including without limitation, expected growth, results of operations, performance, and business prospects and opportunities. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the impact of general market, industry, credit and economic conditions, currency fluctuations, as well as, the risk factors identified in the Corporation’s Annual Information Form and the annual MD&A of the Corporation filed on SEDAR at [www.sedar.com](http://www.sedar.com). In particular, such forward-looking statements assume that the Corporation’s current products, technology, and pricing models, remain competitive in a rapidly changing digital music market. Furthermore, future acquisitions or other strategic business decisions that are required by a changing music market and challenging capital markets, may have the effect of transforming the Corporation’s business model substantially beyond what is described in this Information Circular. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. The following Information Circular should be read in conjunction with the audited consolidated financial statements, Annual Information Form and the annual MD&A of the Corporation filed on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation assumes no obligation to publicly release any revision to any forward-looking statements contained in this Information Circular, except as required by law.

### REPORTING CURRENCIES

All dollar figures or references to “\$” in this Information Circular, unless otherwise specifically stated, are references to U.S. currency.

### DATE OF INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

Information contained herein is given as of April 11, 2014, except as otherwise noted.

### SOLICITATION OF PROXIES

The information contained in this Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of Mood Media Corporation (the “Corporation” or “Mood”) for use at the annual and special meeting (the “Meeting”) of holders (the “Shareholders”) of the common shares of the Corporation (the “Common Shares”) to be held at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 on May 13, 2014 at 9:00 a.m. (Toronto time). Proxies will be solicited primarily by mail, but may also be solicited personally, by telephone, or by facsimile by the regular employees of the Corporation at nominal costs. In accordance with National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs of solicitation by management will be borne by the Corporation.

Shareholders that cannot attend and vote at the Meeting are urged to complete, sign, date and return the enclosed proxy form in the provided envelope. The persons entitled to attend and vote at the Meeting are those who were holders of Common Shares at the close of business on March 14, 2014.

The person named in the enclosed form of proxy is a director of the Corporation. A Shareholder submitting a form of proxy has the right to appoint a person other than the person designated in the form of proxy provided by the Corporation (this person does not have to be a shareholder of the Corporation) to represent him at the Meeting or any adjournment thereof. This right may be exercised by legibly inserting the name of the Shareholder's nominee in the blank space provided for that purpose in the form of proxy.

The Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder given in the proxy duly signed and delivered on any ballot that may be called and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

**If no instructions are provided, the proxy will be voted IN FAVOUR of the adoption of all the matters submitted to the Shareholders for their approval at the Meeting.**

To be voted at the Meeting or any adjournment thereof, a proxy must be received by Computershare Investor Services Inc., 100 University Ave. 8th Floor, North Tower Toronto, Ontario M5J 2Y1, no later than on May 9, 2014 at 9:00 a.m. (local time) or, if the Meeting is adjourned, by 9:00 a.m. (local time) on the business day before the adjourned Meeting is to be reconvened, or given to the Chairman of the Meeting at the Meeting or any adjournment thereof, but before votes are cast. An undated but executed proxy will be deemed to be dated the date of this Information Circular. The enclosed form of proxy, when duly completed and deposited, confers discretionary authority upon the persons named therein with respect to amendments to the matters identified in the notice of annual and special meeting accompanying this Information Circular (the "Notice of Meeting") for which the proxy is solicited and with respect to any other business that may properly come before the Meeting.

At the date of this Information Circular, management does not know of any matters to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting.

#### **Revocation of Proxies**

In addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it, by instrument in writing, signed by the Shareholder or by the Shareholder's attorney authorized in writing. The revocation must be deposited (i) at Computershare Investor Services Inc., 100 University Ave. 8<sup>th</sup> Floor, North Tower Toronto, Ontario M5J 2Y1 at any time up to and including the last business day preceding the day of the Meeting or an adjournment thereof, or (ii) with the Chairman of the Meeting on the day of the Meeting at the Meeting or any adjournment thereof, but before votes are cast. If the Shareholder attends the Meeting and votes on a poll, it will automatically be revoking any valid proxy previously delivered by it.

#### **Non-Registered Holders of Shares**

The information set forth in this section should be reviewed carefully by non-registered shareholders of the Corporation. Shareholders who do not hold their Common Shares in their own name should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. Non-registered shareholders may vote Common Shares that are held by their nominees in one of two manners. Applicable securities law and regulations, including *National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer*, require nominees of non-registered shareholders to seek their voting instructions in advance of the Meeting. Non-registered shareholders will receive from their nominees either a request for voting instructions or a proxy form for the number of Common Shares held by them. The nominees' voting instructions or proxy forms will contain instructions relating to signature and return of the document and these instructions should be carefully read and followed by non-registered shareholders to ensure that their Common Shares are accordingly voted at the Meeting. Non-registered shareholders who would like their Common Shares to be voted for them must follow the voting instructions provided by their nominees. Non-registered shareholders who wish to vote their Common Shares in person at the Meeting must insert their own name in the space provided on the request for voting instructions or proxy form, as the case may be, in order to appoint themselves as proxyholder and follow the signature and return instructions provided by their nominees. Non-registered shareholders who appoint themselves as proxyholders should present themselves at the Meeting to a representative of Computershare Investor Services Inc. Non-registered

shareholders should not otherwise complete the form sent to them by their nominees as their votes will be taken and counted at the Meeting. If you are a holder of depositary interests (the “**Depositary Interests**”) in the Corporation, please fill in the Form of Instruction provided and return such form of instruction (the “**Form of Instruction**”) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, no less than 72 hours (excluding weekends and holidays) before the time for holding the Meeting or any adjournment thereof. The completion and return of the Form of Instruction will not preclude you from attending the Meeting and voting in person if you so wish. Should holders of Depositary Interests wish to attend the meeting and/or vote at the Meeting please notify Computershare Investor Services PLC in writing at the address above or at the email address !UKALLDITeam2@computershare.co.uk.

### **Voting Securities and Principal Holders of Voting Securities**

The authorized and issued share capital of the Corporation consists of an unlimited number of Common Shares, of which 179,180,619 Common Shares, conferring one vote each, are issued and outstanding as of April 11, 2014.

The persons entitled to attend and vote at the Meeting are those who were holders of Common Shares at the close of business on March 14, 2014.

To the knowledge of the Corporation’s directors or executive officers, the following person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation:

<u>Name of Security Holder</u>	<u>Approximate number of Common Shares Owned or Controlled</u>	<u>Percentage of Outstanding Voting Securities</u>
Arbiter Partners Capital Management, LLC	31,377,294	17.5%
“Fidelity” which may include “Fidelity Management & Research Company”, “Pyramis Global Advisors, LLC”, “Pyramis Global Advisors Trust Company”, Strategic Advisors Incorporated”, “FIL Limited”, “Crosby Advisors LLC”, or “Fidelity SelectCo, LLC”.	27,983,208	15.6%

### **Votes Necessary to Pass Resolutions**

All matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting, however, with respect to the matter “Stock Option Plan Approval” set forth below under “Special Business of the Meeting”, Shareholders entitled to receive a benefit under the stock option plan are not entitled to vote their Common Shares in respect of this resolution.

### **Shareholder Proposals**

Pursuant to section 137(5)(a) of the *Canadian Business Corporations Act* (the “**CBCA**”), eligible Shareholders that wish to submit proposals to be included in the Corporation’s management information circular for the financial year ended December 31, 2014 must submit such proposals to the Corporation’s registered office by January 14, 2015, such date being not less than 90 days before the anniversary date of the Notice of Meeting enclosed in this Information Circular being delivered to Shareholders in connection with the Meeting.



## **ANNUAL BUSINESS OF THE MEETING**

As part of the annual business set out in the Notice of Meeting, Shareholders will be asked to consider and vote on: (i) the election of the directors of the Corporation; (ii) the appointment of the auditors of the Corporation and to authorize the Corporation to fix their remuneration; and (iii) such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

### **Presentation of Financial Statements**

The audited annual financial statements of the Corporation for the fiscal year ended December 31, 2013 and the report of auditors thereon will be placed before the Meeting. Approval of the shareholders is not required in relation to the financial statements.

### **Election of Directors**

Following completion of the Corporation's comprehensive strategic review process in September 2013, the board of directors (the "**Board**") determined that the continued execution of the Corporation's business strategy is in the best interests of the Corporation and its shareholders. In the months that followed, the Corporation instituted a number of important changes to its Board, senior management team and strategic plan that the Corporation believes has and will continue to deliver enhanced value for shareholders.

In October 2013, the Board initiated a process to review the skill set and composition of the Board and to lead a search for potential new members. The Board compiled a list of possible candidates from various sources, including from shareholders of the Corporation and then interviewed over a dozen potential candidates. In addition to complementing the current skill set of the then existing directors, the Board was determined to build a board of directors that was substantially composed of independent directors, that was committed to the long term interests of the Corporation and all of its constituents, with an appropriate balance of institutional knowledge and new perspectives. Following this comprehensive search process, the Board significantly refreshed its composition to augment its expertise and knowledge base. Since September 2013, the Board has appointed a total of four new directors, three of whom are independent: Kevin Dalton, who is serving as lead independent director, Gary Shenk, David Richards and Steven Richards, the Corporation's new President and Chief Executive Officer.

Messrs. Levin, Kronengold and Warren, are being nominated with the support of Arbiter Partners Capital Management, LLC ("**Arbiter**"), who had identified and proposed these nominees to the Corporation. Arbiter is one of the Corporation's largest shareholders, beneficially owning or having control or direction over approximately 17.5% of the Corporation's outstanding common shares. Mr. Levin is a principal of Arbiter, a Chartered Financial Analyst and has served on the boards of two public companies listed on U.S. exchanges. Mr. Kronengold is a seasoned media executive, having been Chief Marketing Officer for BBDO and RadicalMedia prior to founding Spark361, LLC. Mr. Warren is a former Associate General Counsel of Verizon Communications, Inc.

The latest nominees, Messrs. Levin, Kronengold and Warren bring to seven, the number of new directors recently appointed or nominated for election in May. Collectively, the nominees bring vast media, technology, financial and capital markets experience to the Board.

The nominees being presented to shareholders for election at the Meeting are Messrs. Steven Richards, Philippe von Stauffenberg, David Richards, Gary Shenk, Harvey Solursh, James Lanthier, Kevin Dalton, Richard Kronengold, Richard Warren and Ross Levin. The Corporation's 2014 slate of 10 nominee directors is a key part of the Corporation's process of enhancing Mood Media with Board renewal.

The Corporation has also significantly enhanced and expanded its executive leadership team, including, the appointment of Steven Richards as President and Chief Executive Officer, Thomas L. Garrett Jr., as Chief Financial Officer and Executive Vice President, Ken Eissing as President of Mood North America, Claude Nahon, President, Mood International and David Van Epps, Global Chief Product Officer and Executive Vice-President of Local Sales. The Corporation believes it has the right talent in place to propel the Corporation into its next stage of growth.

The experienced executive team is driving execution and internal accountability, streamlining the Corporation's business processes and positioning the Corporation to better leverage its considerable advantages and assets.

The new Board, together with the significantly enhanced and expanded executive leadership team, is actively executing a new business plan focused on pursuing new organic growth opportunities and driving efficiencies to enhance profitability and free cash flow.

At the Meeting, Shareholders will be asked to elect these 10 nominees as directors of the Corporation for a term that will end at the close of the next annual meeting of Shareholders, until their successors are duly elected or appointed or until a director vacates his office or is replaced in accordance with the by-laws of the Corporation. **The Board unanimously recommends that Shareholders vote FOR the election of the below nominees. Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees whose names are set forth below to be directors.**

If any of those nominees is for any reason unable to serve as a director, the persons mentioned in the proxies will have the discretionary power to vote for any other nominees. Management has no reason to believe that any of the nominees will be unable to serve as a director, but if such is the case for any reason before the Meeting, the persons mentioned in the proxies will have the discretionary power to vote for another nominee, unless it was provided in the proxy to abstain from voting in connection with the election of directors.

The table below provides the names of the persons who are proposed to be nominated for election as directors, their principal occupation, the number of Common Shares and other securities of the Corporation that they beneficially own, directly or indirectly, or control or direct and the date they were appointed as director of the Corporation.

Name and Place of Residence	Present Principal Occupation	Other Principal Occupations During the Past 5 Years	Director Since <sup>(i)</sup>	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(iv)</sup>	Number of other securities of the Corporation Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(iv)</sup>
KEVIN DALTON <sup>(iii)</sup> Toronto, Ontario, Canada	Lead Director	Vice Chairman, Head of Investment Banking of Desjardins Securities President of Blackmont Capital	January 2014	-	-
JAMES LANTHIER Toronto, Ontario, Canada	Director of the Corporation	Chief Operating Officer, Chief Financial Officer of Mood Media Chief Executive Officer, Evolve Business Intelligence Inc.	June 2008	32,500	400,000 stock options
ROSS LEVIN <sup>(v)</sup> New York, New York, USA	Principal, Director of Research, Arbitrator Partners Capital Management LLC	N/A	N/A	31,407,294	\$2,887,000 aggregate principal amount of convertible debentures
RICHARD KRONENGOLD <sup>(v)</sup> Greenwich, CT, USA	Founder, Spark361 LLC	CMO, Radical Media	N/A	-	-

Name and Place of Residence	Present Principal Occupation	Other Principal Occupations During the Past 5 Years	Director Since <sup>(i)</sup>	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(iv)</sup>	Number of other securities of the Corporation Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(iv)</sup>
DAVID RICHARDS <sup>(ii), (iii)</sup> Calgary, Alberta, Canada	Managing Director of Network Capital Management Inc.	Director of Wilmington Capital Inc. Director of Standard Exploration Ltd.	January 2014	-	-
STEVEN RICHARDS Waxhaw, North Carolina, USA	President and Chief Executive Officer of the Corporation	Chief Executive Officer of Muzak Holdings LLC Chief Executive Officer of PRC, LLC	September 2013	-	2,600,000 stock options
GARY SHENK <sup>(ii)</sup> Seattle, Washington, USA	Chief Executive Officer of Corbis Corporation	President, Senior Vice President of Corbis Corporation	January 2014	-	-
HARVEY SOLURSH <sup>(ii), (iii)</sup> Toronto, Ontario, Canada	Chief Financial Officer, Q.T. Inc., a family owned company	N/A	June 2009	57,146	150,000 stock options
PHILIPPE VON STAUFFENBERG London, UK	Executive Chairman	Chairman of Mood Media Group, S.A. Founding Partner of Solidus Partners Vice Chairman of the Board of Klassik Radio AG	July 2010	1,183,598	1,450,000 stock options
RICHARD WARREN <sup>(v)</sup> White Plains, New York, USA	Retired	Associate General Counsel, Verizon Communications Inc.	N/A	-	-

Notes:

(i) Each director holds office until the next annual meeting of shareholders, or until a successor is elected or appointed.

(ii) Member of the Corporation's Audit Committee.

(iii) Member of the Corporation's Compensation and Governance Committee.

(iv) Based on information provided by the individuals as at April 11, 2014.

(v) Nominee of Arbiter. Arbiter beneficially owns or exercises control or discretion over 31,377,294 Common Shares, representing approximately 17.5% of the issued and outstanding Common Shares of the Corporation as of April 11, 2014. Mr. Levin also directly owns 30,000 Common Shares of the Corporation. The Corporation and Arbiter have entered into an agreement pursuant to which, among other things and subject to certain conditions, the Corporation has nominated three individuals for election as directors at the Meeting, and Arbiter has agreed to vote for the election of all of the Corporation's nominees for election as directors of the Meeting.

### **Kevin Dalton** — *Lead Independent Director*

Kevin Dalton is a nearly 20-year veteran of the capital markets and investment banking industry. Mr. Dalton most recently held the position of Vice Chairman, Head of Investment Banking at Desjardins Securities, the brokerage arm of Desjardins Group, the biggest financial institution in Quebec and the largest cooperative financial group in Canada. Prior to joining Desjardins, Mr. Dalton worked at Blackmont Capital, a full-service investment dealer, first serving as Managing Director, Head of Investment Banking and then moving onto the role of President. Mr. Dalton spent 14 years in the investment banking division of CIBC Capital Markets, where he specialized in the technology,

media and telecommunications sectors, and served as Managing Director, Head of Canadian Diversified Investment Banking. He began his career at The Hathaway Corporation, a Toronto-based consulting firm that provides clients with expert financial advice on a variety of disciplines, including valuations, fairness opinions and mergers and acquisitions. Mr. Dalton holds a Bachelor of Arts in Honors Business Administration from the University of Western Ontario.

**James Lanthier** — *Non-Executive Director*

James Lanthier manages a private equity partnership which seeks buyout opportunities across diversified industries in the mid-market. Mr. Lanthier was Chief Financial Officer of the Corporation from September 2008 to October of 2009, and Chief Operating Officer from October 2009 until January 31, 2013. Prior to Mood Media, Mr. Lanthier was a member of the founding management team that led Fun Technologies Inc from inception through its IPO on the TSX and LSE to its successful sale to Liberty Media Corporation. At Fun Technologies, Mr. Lanthier held the roles, variously of, Chief Operating Officer and Chief Financial Officer. Mr. Lanthier holds an MBA from the Rotman School of Management, University of Toronto, and a BA (Honours) from Queen's University.

**Ross Levin** — *Nominee*

Ross B. Levin, CFA is the Director of Research for Arbitr Partners Capital Management and a principal in the firm. Mr. Levin joined the firm in 2005. Mr. Levin has served on numerous restructuring committees and is a former board member of American Community Properties Trust, a NYSE Amex listed real estate firm, and Presidential Life Corporation, a NASDAQ listed life insurance company. Mr. Levin has been a member of the New York Society of Securities Analysts since 2006 and is a CFA charterholder. Mr. Levin has been a frequent guest lecturer on investing at the NYU School of Continuing Studies and served as a judge for the Columbia Student Investment Management Association Investment Idea Club. Mr. Levin holds a Bachelor of Science degree in Management with a concentration in Finance from the A.B. Freeman School of Business at Tulane University (2005) and completed the Executive Education, Investment Decisions and Behavioral Finance program at the John F. Kennedy School of Government at Harvard University in 2006.

**Richard Kronengold** – *Nominee*

Richard Kronengold is the founder of spark361, a brand and marketing consultancy. Mr. Kronengold previously served as the Chief Marketing Officer of global production company @radical.media from 2007-2012, during which time he developed their integrated marketing department. From 1983-2006 Mr. Kronengold was an executive with advertising agency BBDO Worldwide. He served as BBDO New York's Chief Marketing Officer from 2000-2006 and served as Interim Chief Marketing Officer for Visa, USA for a one-year period. During Mr. Kronengold's tenure as CMO with BBDO, the firm was twice awarded "Agency of the Year" by Adweek and Advertising Age. Mr. Kronengold has won a record seven Gold Effie Awards for advertising effectiveness, and won an Effie award for Sustained Success for the Visa Check Card. He was inducted into the Marketing Hall of Fame in 2002 for his work with the Visa account. Mr. Kronengold was the first Omnicom Catalyst Award for Best Integrated Marketing Communications Program for his work for Office Depot. Mr. Kronengold holds a Bachelor of Arts degree in Marketing Management (1981) from Bernard M. Baruch College of the City University of New York.

**David Richards** — *Non-Executive Director*

David Richards is the President and Managing Director of Network Capital Management, Inc., a private investment management company investing primarily in energy related companies and special situations that he founded in 1997. Before Network Capital, Mr. D. Richards served as a senior tax partner in the Calgary division of Arthur Anderson & Co. from 1993 to 1995. In this role, he advised clients on various complex accounting issues, including mergers, acquisitions and financial due diligence. Prior to joining this firm, Mr. D. Richards was the Partner-in-Charge of PriceWaterhouseCoopers' ("PWC") Calgary taxation operations from 1990 to 1993 and was admitted to PWC's partnership in 1986. As a fellow of the Institute of Chartered Accountants, Mr. Richards has extensive accounting expertise and a great understanding of mergers, acquisitions, purchase investigations, restructurings and financial engineering. In the past, Mr. D. Richards has served as a director for various companies, including Boardwalk REIT, Alliance Atlantis Movie Distribution Income Fund, Valiant Energy Inc., Bear Ridge Resources

Inc., and Canada Fluorspar Inc. He currently serves as a director of Madison PetroGas Ltd. and Wilmington Capital Management Inc.

**Steven Richards** — *President and Chief Executive Officer*

Steven Richards is a senior executive with 29 years of extensive turnaround experience in the consumer/business services, media, technology, communications and business process outsourcing industries. Mr. Richards has successfully grown entities in diverse cultural environments from Fortune 100 “Large Caps” to second tier, challenger firms. His demonstrated achievements include creating value in mid to large-size entities and executing swift turnarounds that enabled the successful sales of four private equity owned companies.

Most recently he served as President of the Corporation and Chief Executive Officer of Muzak Holdings LLC (“Muzak”), where the Corporation established its clear position as the world leader for delivering integrated in-store music, digital signage, advertising messaging and scent solutions, to 850+ global brands, in over 500,000 client sites, reaching 150 million people daily. Prior to his tenure at the Corporation, Mr. Richards was the Chief Executive Officer of PRC, LLC, a top ten global business process outsourcing provider, delivering award winning, outsourced customer solutions for Fortune 500 clients. From 2005 to 2008, Mr. Richards served as President of Transworld Systems Inc., where he led a major business expansion, delivering record revenues and earnings for the firm. Before joining Transworld Systems Inc., Mr. Richards spent nearly four years serving as Chief Operating Officer, Chief Marketing Officer and Executive Vice President of Operations for RMH Teleservices Inc., the fifth largest outsourced call center provider in North America. Mr. Richards started his career at AT&T, Inc., where he worked in operations and marketing across the organization for over 14 years. He holds a Bachelor of Science degree in business from Penn State and has completed executive education programs at Penn State, Duke University and the University of Virginia.

**Gary Shenk** — *Non-Executive Director*

Gary Shenk is the Chief Executive Officer of Corbis Corporation (“Corbis”), a leading digital content and worldwide entertainment and licensing company founded and owned by Bill Gates. In this position, he is responsible for leading business strategy to accelerate Corbis’ place as an innovative digital media company and leading creative resource for advertising, entertainment, marketing, and media professionals worldwide. Before being appointed Chief Executive Officer, Mr. Shenk served as both President and Senior Vice President of Corbis, where he oversaw integrated market-facing functions including sales, marketing, image licensing, and rights services and spearheaded a transformation of the image licensing business from an editorial focus to an end-to-end offering with world-class historical, editorial, entertainment, and creative photography. He joined Corbis in 2003 when he founded and led the Corporation’s Rights Services unit and was responsible for executing a series of acquisitions and business development strategies. Prior to joining Corbis, Mr. Shenk founded FlixMix, a wholly-owned subsidiary of Universal Pictures that was one of the industry’s leading media licensing agencies. He successfully entered the media and entertainment industries by leveraging his significant knowledge, which he gained as a project leader in The Boston Consulting Group’s media and entertainment practice. Mr. Shenk holds a Bachelor’s degree from Harvard College and a Masters of Business Administration from the University of Pennsylvania’s Wharton School of Business.

**Harvey Solursh** — *Non-Executive Director*

Harvey Solursh was a founding partner at Solursh, Feldman & Partners, Chartered Accountants, where he practiced for 30 years. He was formerly a director of FUN Technologies and formerly a director and Chief Financial Officer of CryptoLogic Inc. His areas of expertise include commercial financing, mortgage financing, property management and private placements.

**Philippe von Stauffenberg** — *Executive Chairman*

Philippe von Stauffenberg joined Mood Media Group S.A.(Luxembourg) in 2006 as executive Chairman prior to its acquisition by the Corporation in June 2010 and was appointed as a director of the Corporation in July 2010. In September 2013, he was appointed as Executive Chairman.

Mr. von Stauffenberg is a founding partner of Solidus Partners, a private investment vehicle that invests in underperforming businesses and in buy and build situations. In November 2010, he conducted the management buy out of Der Gruene Punkt, which is the premier recycling services business for consumer packaging in Germany and has led over 4 acquisitions since. Prior to that, he built Mood Media Group S.A. through the acquisition of the three leading in-store media companies in Europe and ran the Corporation as Executive Chairman during its integration and restructuring phase. Mr. von Stauffenberg is also Chairman of Der Gruene Punkt, a German recycling firm. Previously, he acquired a significant stake in Klassik Radio, a company he helped develop and float on the German stock exchange where he is now Chairman. Before that, he spent five years at Hicks Muse Tate & Furst (“**HMTF**”), where he led the investments in Temic/Microtune (Germany), Media Capital (Portugal) and EurotaxGlass’s (Europe) and was a board member in all of them. He was also interim Chief Executive Officer of Glass’s Guide. Prior to joining HMTF, Mr. von Stauffenberg was Executive Chairman and majority shareholder of Heitmann International, a global leader in the technical localization and translation business, which was acquired, managed and sold by him over a two-and-a-half year period. Mr. von Stauffenberg was also a board member of Borg Instruments and Salford Capital Partners, and as part of his employment with Warburg, Pincus, was a board member of Danish Brands (Scandinavia and Germany), Tecnicas Medioambientales (Spain) and Luhns (Germany). Prior to that, he was a consultant for Bain & Company in Munich. Mr. von Stauffenberg has a Bachelor’s degree and a Masters degree from Harvard University and a Masters of Business Administration from the Harvard Business School.

**Richard Warren** — *Nominee*

Richard Warren, J.D. recently retired from his position as Associate General Counsel of Verizon Communications, Inc. after over 27 years of service. Mr. Warren began his career with the NYNEX Legal Department in 1986. After their merger with Bell Atlantic, he provided counsel to 18 affiliated companies in Europe and Asia. For the last 13 years, Mr. Warren had a leading role in managing Verizon's investment in Omnitel, their wireless venture with Vodafone in Italy. During this period, Omnitel made distributions to Verizon subsidiaries of over \$7 billion. Mr. Warren holds a Bachelor of Arts in Political Science degree (1976) from Emory University and a Juris Doctor degree (1979) from Emory University School of Law.

At the date of this Information Circular, no proposed director is or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that,

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than disclosed below, no proposed director:

- (a) is as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any corporation (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Gary Shenk was a director of Corbis Sygma, SARL (“Sygma”) from November 18, 2007 to May 7, 2010. Sygma was a French historical photojournalism agency, which Corbis Corporation acquired in 2001. Following an adverse ruling in litigation regarding the entity’s liability for lost analog images belonging to contributors, Sygma was voluntarily placed into judiciary liquidation on May 25, 2012, with Le Tribunal De Commerce de Paris. Liquidator is Monsieur Stephane Gorrias, 1 Place Boieldieu, 75002, Paris, France. Proceedings remain ongoing as all creditor claims are in the process of being first adjudicated before distribution of the remaining assets.

### **Voting for Directors**

Under Canadian corporate law, shareholders vote either “for” each director nominee, or “withhold” their vote. However, under a majority voting policy, “withheld” votes are considered to be “against” votes. In the absence of a majority voting policy, so long as a director nominee receives at least one “for” vote, the nominee will be elected. A majority voting policy generally provides that a director who has received a majority of “withhold” votes must tender his or her resignation immediately after the meeting, to be effective upon acceptance of the Board. The Board has not yet adopted a majority voting policy as it is of the view that management’s nominees have been carefully selected from those with unique skills, knowledge and experience. In any event, the Corporation will issue a press release disclosing the detailed results of the vote for election of directors following the Meeting. On February 13, 2014, the TSX announced amendments to the TSX Company Manual that will require that each director of a TSX listed issuer, such as the Corporation, be elected by a majority of the votes cast with respect to his or her election other than at contested meetings (as defined in the TSX Company Manual). The amendments will become effective on June 30, 2014. The Board intends to implement a majority voting policy in connection with the election of directors at the annual shareholders meeting of the Corporation to be held in 2015.

### **Appointment of Auditors**

Shareholders will be asked to appoint Ernst & Young LLP (“E&Y”) as auditors of the Corporation to hold office, to authorize the Corporation to fix their remuneration. For this matter to be approved, it must be passed by greater than 50% of the votes cast by the Shareholders who vote in respect thereof. E&Y were appointed auditors of the Corporation on December 21, 2009.

**Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of E&Y as auditors of the Corporation.**

The Board fixes the remuneration of the Corporation’s Auditors in coordination with the Audit Committee and in accordance with the *Canada Business Corporations Act*.

## **SPECIAL BUSINESS OF THE MEETING**

### **Stock Option Plan**

The Corporation’s stock option plan (the “**Option Plan**”) attached as Schedule “B” to this Information Circular was adopted following the Corporation’s initial public offering on June 19, 2008 and reapproved by shareholders on June 13, 2011. As the three year term for the Option Plan prescribed by the Toronto Stock Exchange (the “**TSX**”) will expire on June 13, 2014, Shareholders will be asked to consider, and, if deemed appropriate, to approve, with or without variation, on a disinterested basis, excluding any insiders who are eligible to participate in the Option Plan from voting, an ordinary resolution (the “**Option Resolution**”), the full text of which is reproduced in Schedule “A” to this Information Circular, reapproving and confirming the Corporation’s Option Plan and any unallocated options. Shareholders entitled to receive a benefit under the Option Plan are not entitled to vote their Common Shares in respect of the Option Resolution.

This approval will be effective until May 13, 2017, which is the date that is three years from the date of the Meeting. If approval is not obtained at the Meeting, options which have not been allocated as of May 13, 2014 and options which are outstanding as of May 13, 2014 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options under the Option Plan. Previously allocated options will continue to be unaffected by the approval or disapproval of the Option Resolution.

**The Board unanimously recommends that Shareholders vote IN FAVOUR of the Option Resolution. Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR of the Option Resolution.**

## **OTHER BUSINESS**

Management of the Corporation does not know of any other matters to be put before the Meeting. If, however, any other matters properly came before the Meeting, the persons designated in the accompanying form of proxy shall vote on such matters in accordance with their best judgment under the discretionary authority conferred on them by the proxy with respect to such matters.

## **MANAGEMENT CONTRACTS**

The Corporation entered into consultancy services agreement with Solidus Partners LLP (a limited partnership controlled by Philippe von Stauffenberg) (“**Solidus**”) dated December 31, 2013 (the “**Consultancy Agreement**”). Pursuant to the Consultancy Agreement, Mr. von Stauffenberg assists the Corporation on certain strategic or commercial matters related to restructuring, reorganization and integration and other services from time to time. The Consultancy Agreement is for a one year term, subject to earlier termination in certain circumstances and provides for the payment of consulting fees of \$420,000, payable in monthly installments. The Consultancy Agreement may be terminated by the Corporation: (i) at any time prior to the end of the one year term by paying to Solidus the remaining consulting fees payable under the Consultancy Agreement; (ii) at any time following the initial one year term by providing one month’s written notice or by paying one month of consulting fees; or (iii) at any time without notice in the event of serious misconduct of Solidus. Solidus may terminate the Consultancy Agreement with one month’s notice to the Corporation in which event the Corporation will pay to Solidus through to the date of such termination. In 2013, the Corporation paid a total of \$114,333 in consulting fees under the Consultancy Agreement, which amount is included in the “Non-Equity Incentive Plan Compensation” column in the Named Executive Officer Summary Compensation table.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

This compensation discussion and analysis describes and explains the Corporation’s policies and practices with respect to the 2013 compensation of its named executive officers (each a “**NEO**”): Steven Richards, President and Chief Executive Officer of the Corporation; Lorne Abony, former President, Chief Executive Officer and Chairman of the Corporation (who resigned on September 20, 2013); Randal Rudniski, Interim Chief Financial Officer (from November 15, 2013 to January 12, 2014) and Executive Vice President, Investor Relations and Corporate Development; Ben Gujral, former Chief Financial Officer of the Corporation (who resigned on November 15, 2013); Philippe von Stauffenberg, Executive Chairman of the Corporation; and James Lanthier, former Chief Operating Officer of the Corporation (who resigned on January 31, 2013). No other individuals are considered “Named Executive Officers” as such term is defined in Form 51-102F6 – *Statement of Executive Compensation*.

### *Objectives of Compensation Program*

The Corporation’s compensation program is designed to attract, retain and motivate highly qualified executive officers and employees, while at the same time promote a greater alignment of interests between such executive officers and employees and the Corporation’s Shareholders. The Corporation’s compensation program is designed to reward performance which contributes to shareholder returns.



## *Elements of Compensation Program*

As discussed in further detail below, the Corporation's compensation program is comprised of the following three major elements: 1) base salaries; 2) incentive compensation; and 3) the Corporation's Option Plan.

### 1. Base Salary

The primary element of the Corporation's compensation program is base salary. The Corporation's view is that a competitive base salary is a necessary element for retaining qualified executive officers and employees. The base salary is determined primarily by the number of years of experience of the executive officer or employee, as well as comparisons to the base salaries offered by comparable companies in the communications, media and entertainment industry.

### 2. Incentive Compensation

Executive incentive compensation is determined annually by the Compensation and Governance Committee and/or the Board in their sole discretion on the basis of achievement of corporate targets (primarily based on annual EBITDA and revenue) and/or individual targets set by the Compensation and Governance Committee and/or the Board at the beginning of the applicable calendar year. The Corporation's view is that incentive compensation is a necessary element for retaining qualified executive officers and employees and rewarding them for surpassing or achieving corporate and/or individual targets. The Corporation defines "EBITDA" as net income (loss) before finance costs, income taxes, depreciation and amortization and certain other adjustments. EBITDA is not a recognized measure under International Financial Reporting Standards, does not have standardized meaning, and is unlikely to be comparable to similar measures used by other companies.

### 3. Stock Option Plan

Following the completion of the Corporation's initial public offering in June 2008, the Corporation adopted the Option Plan that complies with the applicable regulatory requirements for an issuer listed on the TSX and applicable Canadian securities law. Pursuant to TSX rules requiring that the Option Plan be re-approved by Shareholders every three years, the Option Plan was re-approved by an ordinary resolution at the Annual and Special Meeting of Shareholders of the Corporation held on June 13, 2011. The Board had previously adopted a stock option plan on October 17, 2005 (the "**Old Option Plan**"). As of April 11, 2014, there are outstanding options to purchase 2,165,000 Common Shares of the Corporation under the Old Option Plan. No further grants of options will be made pursuant to the Old Option Plan although options granted under the Old Option Plan will continue to vest.

Pursuant to the Option Plan, the Compensation and Governance Committee or the Board may grant options to purchase Common Shares to eligible participants. Eligible participants under the Option Plan will be directors, officers and employees of the Corporation and/or any of its subsidiaries, any corporation controlled by such individuals, a family trust of which at least one of the trustees or the sole trustee is such individual and the beneficiaries of which are such individual and/or the spouse or children of such individual, or a consultant of the Corporation and/or any of its subsidiaries.

The purpose of the Option Plan is to advance the interests of the Corporation and its subsidiaries and the Corporation's Shareholders by: (i) ensuring that the interests of key eligible participants are aligned with the success of the Corporation and its subsidiaries; (ii) encouraging stock ownership by key eligible participants and consultants; and (iii) providing compensation opportunities to attract, retain and motivate key eligible participants.

The Compensation and Governance Committee has the power and authority to, among other things, determine the eligibility of persons to participate in the Option Plan, when options to eligible persons will be granted, the number of Common Shares subject to each option and the vesting period for each option. In addition, the Compensation and Governance Committee determines, subject to applicable laws, the exercise price of each option and the expiration date of each option provided that, unless otherwise determined by the Compensation and Governance Committee, options will vest and become exercisable in respect of 25% of the Common Shares subject to such options after each of the first four anniversaries of the granting of such options, and the exercise price will not be

less than the fair market value (as defined in the Option Plan) of the Common Shares on the date the option is granted. Unless otherwise agreed to by the Compensation and Governance Committee, each option will be exercisable from vesting through the date that is 10 years from the date of grant, unless terminated earlier. Under the terms of the Option Plan, on the exercise of vested stock options, the option holder may elect to receive from the Corporation, in lieu of paying for and receiving the full number of Common Shares underlying such options, such number of Common Shares calculated by multiplying the number of Common Shares underlying the options being exercised, by an amount equal to the fair market value of the Common Shares at the time of exercise less the exercise price of the options, all of which is divided by the fair market value of the Common Shares at the time of exercise.

Upon an Event of Termination (defined in the Option Plan to include the termination of employment, whether voluntary or involuntary and whether with or without cause, retirement or cessation of employment or service for any reason whatsoever, including disability or death), any vested options granted to the participant may be exercised by the earlier of the termination of the option or 90 days following the Event of Termination. Any unvested options, to the extent that they are not available to be exercised as of the date of the Event of Termination, will be cancelled without further payment to the participant. The Option Plan prohibits the assignment of options however, options may be exercised by a trust established by the participant and, upon the participant's death, options may be exercised by the legal representative of his or her estate or any other person who acquires the rights in respect of the applicable options by bequest or inheritance.

The Board may amend the Option Plan or any options granted thereunder without the consent of the participants provided that such amendments will not materially or adversely affect existing options granted under the Option Plan and be subject to regulatory approval and shareholder approval. However shareholder approval is not required for certain amendments including but not limited to: (i) changes that are housekeeping in nature; (ii) changing the vesting provisions of any option; (iii) changing the termination provisions of any option that does not entail an extension beyond the original expiration date; (iv) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; (v) changing the eligible participants of the Option Plan; and (vi) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation. However, if the Board proposes to reduce the exercise price of options granted to insiders, or extend the expiry date of options granted to insiders (as such term is defined in the *Securities Act* (Ontario)), such amendments would require shareholder approval. Shareholder approval would also be required in order to increase the number or percentage of shares reserved for issuance under the Option Plan.

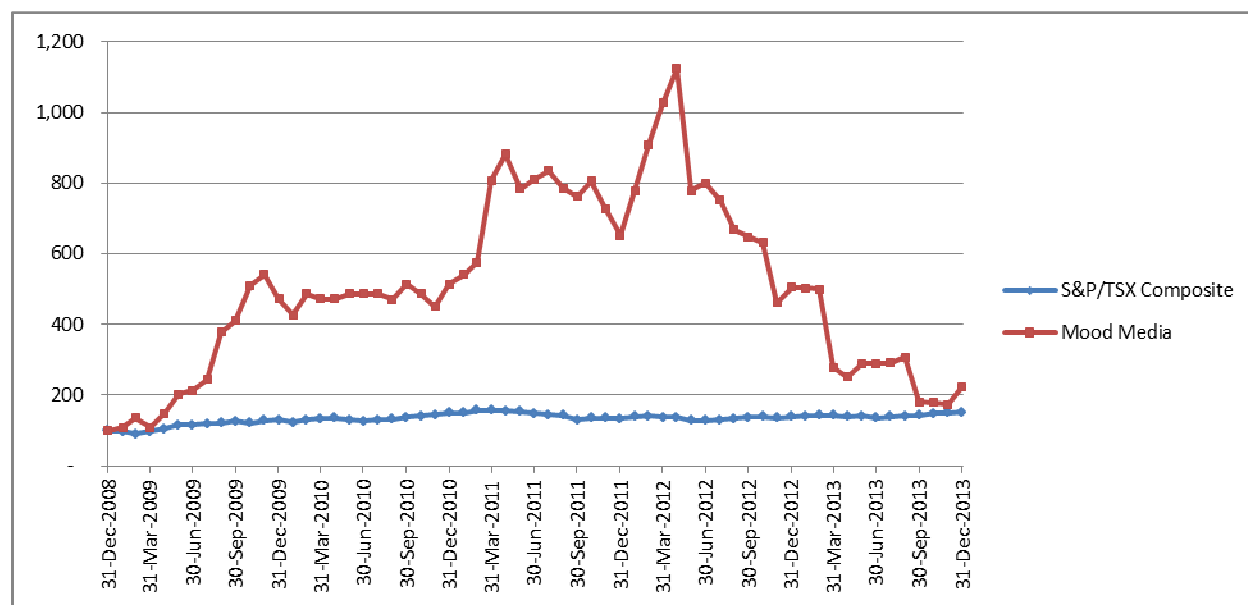
The Option Plan will also extend the expiry date of options which would otherwise expire in a "black-out period" where optionees are not permitted to trade in securities of the Corporation. The expiry date of options which otherwise would expire during a black-out period will be extended for a period of 10 business days from the end of the black-out period.

The number of Common Shares that may be issued under the Option Plan is limited to 10% of the number of issued and outstanding Common Shares from time to time. As of April 11, 2014, a total of 17,918,062 options to purchase Common Shares may be issued under the Option Plan, representing 10% of the 179,180,619 issued and outstanding Common Shares. As of April 11, 2014, there are outstanding options to purchase 14,094,800 Common Shares of the Corporation under the Option Plan, representing 7.87% of the 179,180,619 issued and outstanding Common Shares, with a balance of 3,823,262 unallocated options under the Option Plan, representing 2.13% of the 179,180,619 issued and outstanding Common Shares.

Under the Option Plan, any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Option Plan, and any exercises of options will make new grants available under the Option Plan effectively resulting in a re-loading of the number of options available to grant under the Option Plan.

## Performance Graph

The graph below compares the Corporation's cumulative total shareholder return to the S&P/TSX Composite Index since December 31, 2008, assuming reinvestment of dividends, if applicable, and considering a \$100 investment in the Common Shares of the Corporation:



As described above, a competitive executive base salary is a necessary element for retaining qualified executive officers and as a result, the base salary may not compare to the trend shown by the graph above. However, stock option awards to executives are based on the market price of the Corporation's shares which track the value of Corporation's common shares as reflected in the above graph.

## Option Based Awards

The grant of option-based awards to NEOs is approved by the Compensation and Governance Committee and/or the Board, upon recommendation from the Compensation and Governance Committee. NEOs do not play a role in administering or amending the Corporation's Option Plan. Previous grants of options may be taken into account when considering new grants of options, however, varying circumstances each year are also considered.

## Retirement Benefits

Mood Entertainment maintains a company-sponsored group retirement savings plan (RSP) for Canadian employees and a 401(k) retirement plan for United States employees. For employees located in Ontario, Mood Entertainment matches employee RSP contributions up to a maximum 3.5% of the employee's salary. For employees located in the U.S., Mood Entertainment matches employee 401(k) contributions up to a maximum of 2.5% of the employee's salary. On November 1, 2013, both of these plans were closed. In 2013, 2 NEOs, Lorne Abony and James Lanthier participated in the RSP matching plan. The amounts of the benefits from Mood Entertainment matching for the NEOs are included in "Summary Compensation Table" below.

## Named Executive Officer Summary Compensation Table

The following table sets forth all compensation paid to NEOs for each of the Corporation's three most recently completed financial years.

Name and Principal Position	Year	Salary (\$)	Option Based Awards (\$) <sup>(7)</sup>	Share Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$) <sup>(8)</sup>		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$) <small>(9), (10), (11), (12)</small>
					Annual	Long Term			
STEVEN RICHARDS <sup>(1)</sup> President and Chief Executive Officer	2013	201,923	736,063	Nil	330,000	Nil	Nil	33,000	1,300,986
	2012	319,039	Nil	Nil	352,500	Nil	Nil	614,562	1,286,101
	2011	395,000	1,122,000	Nil	146,349	Nil	Nil	90,000	1,753,349
LORNE ABONY <sup>(2)</sup> Former President, Chief Executive Officer and Chairman	2013	741,667	Nil	Nil	Nil	Nil	35,000	3,578,681	4,355,348
	2012	1,000,000	Nil	Nil	2,000,000	Nil	13,921	12,000	3,025,921
	2011	374,200	5,236,000	Nil	2,035,400	Nil	11,550	12,000	7,669,150
RANDAL RUDNISKI <sup>(3)</sup> Interim Chief Financial Officer, Executive Vice President, Investor Relations and Corporate Development	2013	216,307	Nil	Nil	Nil	Nil	Nil	Nil	216,307
	2012	56,805	Nil	Nil	Nil	Nil	Nil	Nil	56,805
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
BEN GUJRAL <sup>(4)</sup> Former Chief Financial Officer	2013	466,066	Nil	Nil	Nil	Nil	Nil	625,720	1,091,786
	2012	435,793	209,400	Nil	400,000	Nil	Nil	Nil	1,045,243
	2011	337,050	280,500	Nil	503,837	Nil	Nil	Nil	1,121,387
PHILIPPE VON STUAFFENBERG <sup>(5)</sup> Executive Chairman	2013	Nil	351,881	Nil	200,245	Nil	Nil	Nil	552,126
	2012	Nil	Nil	Nil	495,037	Nil	Nil	Nil	495,037
	2011	Nil	280,500	Nil	531,632	Nil	Nil	Nil	812,132
JAMES LANTHIER <sup>(6)</sup> Former Chief Operating Officer	2013	26,692	Nil	Nil	Nil	Nil	11,210	469,215	507,117
	2012	330,066	Nil	Nil	300,000	Nil	10,240	Nil	640,306
	2011	296,010	280,500	Nil	303,600	Nil	6,523	243,840	1,130,473

(1) Steven Richards became President and Chief Executive Officer of the Corporation on September 20, 2013. Mr. Richards' compensation above for the year 2013 reflects amounts received during the period from commencement of employment until December 31, 2013.

(2) Lorne Abony resigned as President, Chief Executive Officer and Chairman of the Corporation on September 20, 2013. Mr. Abony's compensation above for the year 2013 reflects amounts received during the period from January 1, 2013 to the date of his resignation.

(3) Randal Rudniski joined Mood as the Senior Vice President, Investor Relations and Corporate Development in September 11, 2013. Mr. Rudniski's compensation above for the year 2012 reflects amounts received during the period from commencement of employment in 2012 until December 31, 2012. Mr. Rudniski was remunerated in Canadian Dollars for the year 2012 through August 31, 2013 and the amounts have been

converted into United States dollars using the average rate as per the Corporation's annual financial statements. During the period from September 1, 2013 to the remainder of the year 2013, Mr. Rudniski was remunerated in United States dollars.

(4) Ben Gujral was remunerated in British Pounds and the amounts have been converted into United States dollars using the average rate as per the Corporation's annual financial statements. Mr. Gujral resigned as Chief Financial Officer of the Corporation on November 15, 2013. Mr. Gujral's compensation above for the year 2013 reflects amounts received during the period from January 1, 2013 to the date of his resignation.

(5) Philippe von Stauffenberg was a member of the Board for the entire year in 2013 and became Chairman of the Corporation on September 20, 2013. The non-equity incentive plan compensation reflected above for the years 2012 and 2011 were denominated in Euros and have been converted into United States dollars using the average rate as per the Corporation's annual financial statements.

(6) James Lanthier was remunerated in Canadian Dollars and the amounts have been converted into United States dollars using the average rate as per the Corporation's annual financial statements. Mr. Lanthier resigned as Chief Operating Officer of the Corporation on January 31, 2013 but remains a member of the Board.

(7) The fair value of option based awards has been calculated using a Black Scholes option pricing model. During 2013 the following assumptions were used: weighted average volatility of 70% based on historic information, expected dividend yield of nil, weighted average expected life of 6.25 years, weighted average interest rate of 1.87% and a forfeiture rate of 15.39% based on historic information. Please see above discussion above under "Stock Option Plans" for a discussion regarding the process the Corporation uses to grant option-based awards to executive officers.

(8) Included in the 2013 "Non-Equity Incentive Plan Compensation" is a sign-on bonus for Mr. Steven Richards upon his commencement of employment as President and Chief Executive Officer of the Corporation on September 20, 2013 in addition to amounts paid to Philippe von Stauffenberg for consulting and strategic services provided during the year as well as Board fees in his role as Executive Chairman. In 2012, the "Non-Equity Incentive Plan Compensation" amounts are bonuses relating to integration, strategic services, and the DMX acquisition in 2012. Included in the 2011 "Non-Equity Incentive Plan Compensation" amounts are bonuses relating to strategic services and various acquisitions.

(9) The amounts for Steven Richards under the "All Other Compensation" column above primarily represent relocation compensation in 2013, severance in 2012, and relocation compensation in 2011 from his previous employment by the Corporation.

(10) The 2013 amount for Lorne Abony under the "All Other Compensation" column above represents severance compensation and relocation expenses paid to Lorne Abony for his resignation on September 20, 2013. Please see subsequent discussion under "Termination and Change of Control Benefits" for more details regarding Mr. Abony's severance agreement. In 2012 and 2011, the amounts for Lorne Abony under the "All Other Compensation" represent car compensation costs paid to Lorne Abony.

(11) Included in the 2013 "All Other Compensation" amount for James Lanthier is \$300,000 representing severance amounts per Mr. Lanthier's separation agreement on January 31, 2013 and the remaining amount consisting of Board and Committee fees for his role as a Director in 2013. Please see subsequent discussion under "Termination and Change of Control Benefits" for more details regarding Mr. Lanthier's severance agreement. The amount in 2011 for Mr. Lanthier in the "All Other Compensation" column relates to cashless stock options exercised during that period.

(12) The amounts for Ben Gujral under the "All Other Compensation" column above constitutes his severance amount for his resignation on November 15, 2013. Please see subsequent discussion under "Termination and Change of Control Benefits" for more details regarding Mr. Gujral's severance agreement. On February 24, 2014, Ben Gujral's severance agreement was amended to modify the form of compensation for a portion of his severance. Pursuant to the amendment, \$100,000 in severance originally to be paid out in cash, less applicable tax deductions, was satisfied in full by the issuance of 77,083 Common Shares issued to Mr. Gujral on March 10, 2014, representing a 10% discount on the volume-weighted average trading price of the Common Shares on the TSX for the five days preceding March 10, 2014.

## Named Executive Officer Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards Table*

The following table sets forth all share-based awards and option-based awards outstanding at the end of the most recently completed financial year for each of the Corporation's NEOs.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options at year end (\$)	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
STEVEN RICHARDS President and Chief Executive Officer	600,000	3.01	5/12/2021	-	-	-	-
	2,000,000	0.63	9/25/2023	288,724	-	-	-
LORNE ABONY Former President, Chief Executive Officer and Chairman	2,000,000	1.18	1/25/2018	-	-	-	-
	1,500,000	0.21	12/5/2018	854,423	-	-	-
	2,800,000	3.01	5/12/2021	-	-	-	-
BEN GUJRAL Former Chief Financial Officer	187,500	1.68	8/19/2020	-	-	-	-
	75,000	3.01	5/12/2021	-	-	-	-
	50,000	2.25	1/9/2022	-	-	-	-
PHILIPPE VON STUAFENBERG Executive Chairman	100,000	1.68	8/19/2020	-	-	-	-
	150,000	3.01	5/12/2021	-	-	-	-
	1,200,000	0.48	11/18/2023	356,660	-	-	-

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options at year end (\$)	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
JAMES LANTHIER Former Chief Operating Officer	100,000	1.94	6/24/2018	-	-	-	-
	100,000	0.21	12/05/2018	56,962	-	-	-
	50,000	1.68	8/19/2020	-	-	-	-
	150,000	3.01	5/12/2021	-	-	-	-
RANDAL RUDNISKI Executive Vice President, Investor Relations and Corporate Development	-	-	-	-	-	-	-

(1) Grants of options under the Option Plan have an exercise price in Canadian dollars. These have been included in the table above in United States dollars based on the exchange rate at grant date.

*Named Executive Officer Incentive Plan Awards – Value Vested or Earned During Year*

For each NEO, the following table sets forth the value vested or earned on option-based, share-based and non-equity incentive plan awards during the most recently completed financial year.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
STEVEN RICHARDS President and Chief Executive Officer	-	-	330,000
LORNE ABONY Former President, Chief Executive Officer and Chairman	-	-	-
BEN GUJRAL Chief Financial Officer	-	-	-
PHILIPPE VON STUAFFENBERG Executive Chairman	-	-	200,245

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
JAMES LANTHIER Former Chief Operating Officer	-	-	-
RANDAL RUDNISKI Executive Vice President, Investor Relations and Corporate Development	-	-	-

(1) During fiscal year 2013, the value of all the incentive plan awards related to the above NEOs if they had been exercised or sold on their vesting date were below market value.

(2) Please refer to the footnotes for the “Named Executive Officer Summary Compensation Table” above for discussion of non-equity incentive plan compensation value earned during the year.

### Termination and Change of Control Benefits

#### *Steven Richards, President and Chief Executive Officer*

The Corporation has entered into an employment agreement with Steven Richards dated September 20, 2013 (the “**Richards Employment Agreement**”). The Richards Employment Agreement provides for the payment and provision of other benefits if Mr. Richards resigns with Good Reason (as defined in the Richards Employment Agreement) or is terminated by the Corporation (i) without Cause (as defined in the Richards Employment Agreement), (ii) in the event of Disability (as defined in the Richards Employment Agreement), or (iii) in the event of Mr. Richards’ death.

The estimated incremental payments and benefits payable by the Corporation in the event of Mr. Richards resignation with Good Reason or Mr. Richards termination without Cause (assuming any such resignation or termination occurred on December 31 of the applicable year), would include: (a) a lump sum payment in the amount of \$1,968,750, such amount being equal to 1.5 times the sum of (i) Mr. Richards’ annual salary (\$750,000), and (ii) a bonus in the amount of 75% of Mr. Richards’ annual salary (\$562,500); and (b) upon election of Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) continuation coverage by Mr. Richards and/or his covered dependents, the Corporation will reimburse Mr. Richards for his and his covered dependents’ COBRA premiums (less the amount that an active employee would be required to pay for such coverage) for 18 months following the termination date, or until the Executive obtains replacement medical coverage, whichever occurs first, which amount is estimated to be \$29,812.

The estimated incremental payments and benefits payable by the Corporation in the event of termination following Mr. Richards’ disability or death (assuming any such resignation or termination occurred on December 31 of the applicable year), would include a lump sum payment equal to the average of the Level 1 Bonuses (in an amount up to 75% of Mr. Richards’ salary) paid with respect to the two completed calendar years preceding the year in which the termination of the Mr. Richards’ employment occurs (or such lesser number of completed calendar years that Mr. Richards’ was employed by the Corporation under the Richards Employment Agreement), pro-rated to reflect the number of days of service completed by Mr. Richards in the year in which such termination occurs, which amount would currently be \$0 as Mr. Richards’ entitlement to Level 1 Bonuses will only begin for the 2014 calendar year.

Pursuant to the terms of the Richards Employment Agreement, Mr. Richards must not compete with the Corporation or solicit the employment of any individual employed by the Corporation at the time of termination for two years following the date of termination of Mr. Richards for any reason. The right of Mr. Richards to receive the amounts described above is also subject to Mr. Richards executing a customary waiver and release of claims such that such



release is effective, with all revocation periods having expired unexercised, within 60 days after the date of termination.

*Lorne Abony, Former President, Chief Executive Officer and Chairman*

The Corporation entered into a separation agreement with Lorne Abony dated September 20, 2013 (the “**Abony Separation Agreement**”) pursuant to which Mr. Abony’s employment with the Corporation was terminated. Under the terms of the Abony Separation Agreement, the Corporation paid Mr. Abony the following amounts which he was entitled to under the terms of his existing employment agreement: (a) accrued but unpaid salary; (b) accrued but unused vacation entitlement; (c) a lump sum payment equal to \$2,750,000, representing the sum of (i) 24 months base salary, such amount being \$2,000,000, and (ii) 1.5 times the average short term bonus paid to Mr. Abony in the two fiscal years completed immediately preceding the date of termination (which amount shall be no less than \$500,000), such amount being \$750,000; and (d) reimbursement by the Corporation of COBRA premiums for Mr. Abony and his dependents for the duration of the period during which Mr. Abony remains eligible for such coverage under applicable law.

Pursuant to the terms of the Abony Separation Agreement, Mr. Abony must not compete with the Corporation or solicit the employment of any individual employed by the Corporation at the time of termination for one year following the date of termination. In connection with the receipt of the above payments, Mr. Abony also executed a customary waiver and release of claims.

*Ben Gujral, Former Chief Financial Officer*

The Corporation entered into separation agreement with Ben Gujral dated November 15, 2013, as amended on February 24, 2014 (the “**Gujral Separation Agreement**”) pursuant to which Mr. Gujral’s employment with the Corporation was terminated. Under the terms of the Gujral Separation Agreement, the Corporation paid Mr. Gujral: (a) a lump sum payment of \$400,000, which was paid on February 28, 2014; and (b) an amount equal to \$100,000, less applicable tax deductions, which was satisfied in full by the issuance of 77,083 Common Shares issued to Mr. Gujral on March 10, 2014, collectively, representing accrued but unpaid salary and vacation pay and approximately 12 months’ base salary.

Pursuant to the terms of the Gujral Separation Agreement, Mr. Gujral must not compete with the Corporation or solicit the employment of any individual employed by the Corporation at the time of termination for one year following the date of termination. In connection with the receipt of the above payments, Mr. Gujral also executed a customary waiver and release of claims.

*James Lanthier, Former Chief Operating Officer*

The Corporation entered into separation agreement with James Lanthier dated January 31, 2013 (the “**Lanthier Separation Agreement**”) pursuant to which Mr. Lanthier’s employment with the Corporation was terminated. Under the terms of the Lanthier Separation Agreement, the Corporation paid Mr. Lanthier a lump sum payment of \$300,000, representing accrued but unpaid salary and vacation pay and 12 months’ base salary.

Pursuant to the terms of the Lanthier Separation Agreement, Mr. Lanthier must not compete with the Corporation or solicit the employment of any individual employed by the Corporation at the time of termination for one year following the date of termination. In connection with the receipt of the above payments, Mr. Lanthier also executed a customary waiver and release of claims.

## Director Compensation Table

The following table sets forth all compensation provided to each of the Corporation's directors who are not also NEOs for the most recently completed financial year.

Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$) <sup>(2)</sup>
JUSTIN BECKETT	168,000	-	-	-	-	-	168,000
ANATOLI PLOTKINE	74,000	-	-	-	-	-	74,000
HARVEY SOLURSH	115,000	-	-	-	-	-	115,000
RICHARD WEIL	127,000	-	-	-	-	-	127,000

(1) James Lanthier, Steve Richards and Philippe von Stauffenberg were directors during the year 2013 and were also NEOs and as such they are included in the "Named Executive Officer Summary Compensation Table".

(2) With the exception of Philippe Von Stauffenberg, each of the Corporation's directors (other than those who are officers of the Corporation) receive an annual retainer of \$25,000, other than the chairs of the Compensation and Governance Committee and Audit Committee, who each receive an annual retainer of \$35,000. Each non-executive director also receives \$1,000 for each board meeting or committee meeting attended. Additional fees may be paid to the directors of the Corporation in connection with certain specific projects or mandates. Directors are also eligible to receive options under the Option Plan.

## Director Share-based awards, Option-based awards and Non-equity Incentive Plan Compensation

The following table sets forth all share-based awards and option-based awards outstanding at the end of the most recently completed financial year for each of the Corporation's directors who are not also NEOs.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options at year end (\$)	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have no vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
JUSTIN BECKETT	165,000	1.18	1/25/2018	-	-	-	-
	25,000	3.01	5/12/2021	-	-	-	-
ANATOLI PLOTKINE	100,000	1.65	12/15/2019	-	-	-	-
	25,000	3.01	5/12/2021	-	-	-	-
HARVEY SOLURSH	100,000	1.65	12/15/2019	-	-	-	-
	25,000	1.65	12/15/2019	-	-	-	-
	25,000	3.01	5/12/2021	-	-	-	-

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options at year end (\$)	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have no vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
RICHARD WEIL	100,000	0.34	1/12/2019	43,878	-	-	-
	50,000	3.01	5/12/2021	-	-	-	-

(1) Grants of options under the Option Plan have an exercise price in Canadian dollars. These have been included in the table above in United States dollars based on the exchange rate at grant date.

### Compensation Risk

The Compensation Committee considers implications of the risks associated with the Corporation's compensation policies and practices as part of its responsibilities to review and recommend the compensation policies and practices of the Corporation.

### Anti-Hedging policy

The NEOs and the directors are, under the terms of the Corporation's Insider Trading Policy, prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of shares, including shares granted as underlying share-based compensation or otherwise held directly or indirectly by a NEO or a director.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

*Equity Compensation Plan Information as of December 31, 2013*

Plan Category	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 under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	18,818,300	1.58	510,656
Equity compensation plans not approved by securityholders	-	-	-
<b>Total</b>	<b>18,818,300</b>	<b>1.58</b>	<b>510,656</b>

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **CORPORATE GOVERNANCE PRACTICES DISCLOSURE**

The following disclosure is included in accordance with National Instrument 58-101- *Disclosure of Corporate Governance Practices*.

### **Mandate of the Board**

The Board has adopted and approved a Charter of the Board of Directors (the "**Board Charter**") which is attached as Schedule "C" hereto. The Board Charter states that the Board explicitly assumes responsibility for the stewardship of the Corporation and its business. This stewardship includes responsibility for the matters set forth in the Board Charter, which form part of the Board's statutory responsibility to manage or supervise the management of the Corporation's business and affairs.

### **Composition of the Board**

The Board Charter states that a majority of the Corporation's directors shall be independent directors as such term is defined within applicable Canadian securities laws.

The articles of the Corporation state that the Board shall consist of a minimum of 3 and a maximum of 20 members. The size of the Board is currently fixed at nine members but will be expanded to 10 pursuant to the 10 nominees being presented to shareholders for election at the Meeting. The Board has the authority, between annual shareholder meetings, to appoint up to two additional directors, which represent 1/3 of the existing size of the Board, with such directors to hold office until the close of the next annual shareholder meeting.

The nominees being presented to shareholders for election at the Meeting are Messrs. Kevin Dalton, Richard Kronengold, James Lanthier, Ross Levin, David Richards, Steven Richards, Gary Shenk, Harvey Solursh, Philippe von Stauffenberg and Richard Warren. Mr. Dalton, Mr. Kronengold, Mr. Levin, Mr. D. Richards, Mr. Shenk, Mr. Solursh, and Mr. Warren are independent directors within the meaning of applicable Canadian securities laws. Mr. Dalton serves as lead independent director of the Board and is also the Chair of the Compensation and Governance Committee. Mr. von Stauffenberg, Mr. Lanthier and Mr. S. Richards are not independent on the basis that Mr. von Stauffenberg and Mr. S. Richards are currently executive officers of the Corporation and Mr. Lanthier was an executive officer of the Corporation within the last three years. Mr. von Stauffenberg currently serves as Executive Chairman and Mr. S. Richards currently serves as the President and Chief Executive Officer of the Corporation. Mr. Lanthier was the Corporation's Chief Operating Officer until his resignation on January 31, 2013.

The Board may meet independently of management as needed. The independent directors regularly hold *in camera* sessions at scheduled board meetings at which non-independent directors and members of management are not in attendance. To facilitate independent judgment among the Board, the Board encourages open and transparent discussions in carrying out its various functions. Furthermore, the Board is in regular formal and informal contact

and independent directors are continually provided with the opportunity to be fully apprised of the Corporation's plans and to question management as required.

### **Directorships**

None of the directors are currently directors of other reporting issuers in a jurisdiction of Canada or a foreign jurisdiction except for David Richards who is a director of Wilmington Capital Management Inc. and Standard Exploration and Philippe von Stauffenberg who is a director of Klassik Radio AG.

### **Attendance**

The following table sets forth the attendance by directors of formal board meetings held during the year ended December 31, 2013.

<b>Name of Director</b>	<b>Board Meetings Attended (in person or by telephone)</b>
LORNE ABONY	22
JUSTIN BECKETT	28
JAMES LANTHIER	28
ANATOLI PLOTKINE	28
STEVEN RICHARDS <sup>(1)</sup>	7
HARVEY SOLURSH	26
PHILIPPE VON STAUFFENBERG	26
RICHARD WEIL	21

(1) Mr. Richards was appointed to the Board in September 2013.

### **Position Descriptions**

While the Board has not codified written descriptions of the Chair of the Board and each committee, the Chief Executive Officer or the Chief Financial Officer, the Corporation and the Board delineate the roles and responsibilities of each position through frequent and transparent communication with each other regarding such roles and responsibilities.

### **Orientation and Continuing Education**

The Corporation takes appropriate steps to assist new directors of the Corporation to develop an understanding of (i) the role of the Board and its committees; (ii) the contribution that directors are expected to make to the Board; and (iii) the nature and operation of the Corporation's business. The Corporation also provides all directors appropriate opportunities when required to maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Corporation's business remains current.

In order to orient new directors regarding the role of the Board, its committees and directors, including the business and operations of the Corporation, all potential new directors are given the opportunity to meet with the Chief Executive Officer and other directors to ask questions and become familiar with the Corporation prior to being elected as a director.

New directors are also presented with information packages prepared by management which generally include incorporation documents, by-laws, the Board and Committee charters and the policies of the Corporation. Management also keeps the Board apprised of new developments in the Corporation's industry and regularly makes presentations on the Corporation's general industry, and provides reports on the Corporation's business and affairs.

## **Ethical Business Conduct**

The Board has adopted a written Code of Ethics (the “**Code**”) that applies to all directors, officers and employees. This document is available at [www.sedar.com](http://www.sedar.com) or upon request from the Chief Financial Officer of the Corporation at 1703 W Fifth Street, Suite 600, Austin, Texas, 78703.

This Code is a codification of standards designed to deter wrongdoing and promote: (i) honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) avoidance of conflicts of interest, including disclosure to a director or officer of the Corporation of any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest; (iii) full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the Canadian and/or U.K. securities regulatory authorities and in other public communications made by the Corporation; (iv) compliance with applicable governmental laws, rules and regulations; (v) the prompt reporting to a director or officer (or if appropriate, to the Ontario Securities Commission) of violations of this Code; and (vi) accountability and responsibility by all directors, officers and employees for adherence to this Code.

In accordance with the requirements of the CBCA, directors and officers are required to disclose the nature and extent of any interest in a material contract or transaction and a director with any such interest in a material contract or transaction may not vote on any resolution to approve such contract or transaction.

The Compensation and Governance Committee reviews the Code, the process for administering the Code and compliance with the Code. The provisions of the Code may be waived for directors or officers only by a resolution of the Corporation’s Compensation and Governance Committee. The Chief Executive Officer or Chief Financial Officer may grant a waiver for other employees of the Corporation. The Code may only be amended or modified by a resolution of the Board.

## **Nomination of Directors**

The Board has adopted a Charter for the Compensation and Governance Committee (the “**Governance Committee Charter**”), which establishes the committee’s purpose and responsibilities, establishment and composition, authority, duties and responsibilities. The Compensation and Governance Committee is responsible for, among other things: (i) identifying individuals qualified to become members of the Board, consistent with criteria established by the Board; (ii) recommending that the Board select the director nominees for the next annual meeting of shareholders; (iii) developing and recommending to the Board a set of corporate governance principles applicable to the Corporation; and (iv) overseeing the evaluation of the Board and senior management. In addition, among other things, the committee is responsible for developing and recommending to the Board: (i) the Corporation’s approach to corporate governance, including a set of governance principles and guidelines and (ii) a comprehensive orientation and continuing education program for new directors. In addition, subject to Board approval, the committee is responsible for reviewing and updating the Governance Committee Charter.

In making recommendations to the Board regarding individuals qualified to become directors, the Compensation and Governance Committee considers: (i) any selection criteria approved by the Board from time to time, including the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competencies and skills that the Board considers each existing director to possess; and (iii) the competencies and skills each new nominee would bring to the boardroom. In carrying out its responsibilities, the committee has the authority to retain a firm to assist in identifying director candidates.

## **Compensation**

In February 2014, the Board reconstituted its Compensation and Governance Committee appointing as its members, Kevin Dalton (Chair), David Richards and Harvey Solursh, each of whom are independent directors within the meaning of applicable Canadian securities laws. Following the completion of the Meeting, if Mr. Levin is elected as a director of the Corporation, Mr. Levin will be appointed to the Compensation and Governance Committee.

The Compensation and Governance Committee assists the directors in their oversight of executive and director compensation, including with respect to: (i) reviewing and approving compensation of the Corporation's Chief Executive Officer; (ii) recommending to the Board non-Chief Executive Officer compensation, incentive-based plans and equity-based plans; (iii) approving and monitoring share ownership policies; and (iv) reviewing compensation disclosure in public documents, in accordance with applicable rules and regulations.

With regards to the Chief Executive Officer's compensation, the Compensation and Governance Committee is responsible for: (i) reviewing and approving the corporate goals and objectives relevant to the Chief Executive Officer's compensation; (ii) evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives; (iii) determining the Chief Executive Officer's compensation level based on this evaluation (or making recommendations to the Board with respect thereto); and (iv) determining the long-term incentive component of the Chief Executive Officer's compensation with regards to certain factors.

In addition, the Compensation and Governance Committee is required to make recommendations to the Board with respect to: (i) compensation of employees that report directly to the Chief Executive Officer; (ii) incentive compensation plans; and (iii) equity-based plans. Moreover, the Compensation and Governance Committee will monitor the administration of the Corporation's executive officer incentive, compensation and share option plans.

The Corporation has engaged a compensation consultant, Compensia, Inc. ("**Compensia**"), to assist the Board and the Compensation and Governance Committee in determining the compensation for certain of the Corporation's executive officers for 2013, including in connection with the termination of Mr. Abony and Mr. Gujral. The mandate of Compensia is to review the compensation arrangements and employment contracts of certain executive officers of the Corporation relative to the employment arrangements of public companies that have a similar business focus and financial characteristics, including revenue between \$130 million to \$1.2 billion, market capitalization of \$80 million to \$715 million and similar revenue to market capitalization ratio. Such benchmark companies that Compensia has identified are comScore, Demand Media, Digital Generation, Digital River, Harris Interactive, Harte-Hanks, Marchex, MDC Partners, National CineMedia, Orbitz Worldwide, Pandora Media, QuinStreet, Reach Local, ReanNetworks, Responsys, Shutterstock, The Active Network and Vocus. Compensia was retained on March 25, 2013 and the Corporation has, as of the date hereof, paid a total of \$35,023 to Compensia for its services provided.

### **Assessments**

On an annual basis, the Compensation and Governance Committee intends to examine the size and composition of the Board and, if appropriate, will recommend a program to establish a Board comprised of members who facilitate effective decision-making. In addition, the Compensation and Governance Committee intends to develop and recommend to the Board a process for assessing, on an annual basis, the performance and effectiveness of the Board, the committees of the Board and the contributions of the Board, such process to consider: (i) the solicitation and receipt of comments from directors, as appropriate; (ii) the Board Charter; (iii) the charter of each committee of the Board; (iv) applicable position descriptions for each individual director, the Chairman of the Board and the chair of each committee; and (v) the competencies and skills each individual director is expected to bring to the Board. The Compensation and Governance Committee will be responsible for overseeing the execution of the assessment process approved by the Board and management.

In October 2013, the Board initiated a process to review the skill set and composition of the Board and to lead a search for potential new members. The Board compiled a list of possible candidates from various sources, including from shareholders of the Corporation and then interviewed over a dozen potential candidates. In addition to complementing the current skill set of the then existing directors, the Board was determined to build a board of directors that was substantially composed of independent directors, that was committed to the long term interests of the Corporation and all of its constituents, with an appropriate balance of institutional memory and new perspective.

The nominees being presented to shareholders for election at the Meeting are Messrs. Kevin Dalton, Richard Kronengold, James Lanthier, Ross Levin, David Richards, Steven Richards, Gary Shenk, Harvey Solursh, Philippe von Stauffenberg and Richard Warren. Collectively, the nominees bring vast media, technology, financial and capital markets experience to Mood Media's board. The Corporation's 2014 slate of nominee directors, together with the significantly enhanced and expanded executive leadership team, is a key part of executing a new business

plan focused on pursuing new organic growth and driving efficiencies to enhance profitability and free cash flow.

Each year, the Board will be required to assess its performance and effectiveness in accordance with the process established by the Compensation and Governance Committee.

### **Other Board Committees**

The Board has currently established the Audit Committee and the Compensation and Governance Committee. In March 2014, effective immediately following the release of the Corporation's audited consolidated financial statements for the year ended December 31, 2013, the Board reconstituted its Audit Committee appointing as its members, Harvey Solursh (Chair), David Richards and Gary Shenk as members of this committee.

The primary purpose of the Audit Committee is to assist the Board in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of the Corporation's published financial information. The Audit Committee also reviews and reports to the Board on: the quality and integrity of the Corporation's consolidated financial statements and other financial information; compliance with legal and regulatory requirements related to financial reporting; the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Corporation and its subsidiaries; the proper maintenance of accounting and other records; annual and quarterly interim financial information; the independent audit process, including recommending the appointment and compensation of the external auditor, and assessing the qualifications, performance and independence of the external auditor; the performance and objectivity of the Corporation's internal audit function; all non-audit services; the development and maintenance of procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation and its subsidiaries of concerns regarding questionable accounting or auditing matters; the review of environment, insurance and other liability exposure issues relevant to the affairs of the Corporation; and any additional matters delegated to the committee by the Board.

The purpose and function of the Compensation and Governance Committee is described above under "Nomination of Directors", "Compensation" and "Assessments".

The Corporation does not presently have any other committees other than the Audit Committee and the Compensation and Governance Committee.

### **Audit Committee Disclosure**

Certain information regarding the Corporation's Audit Committee that is required to be disclosed in accordance with Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators is contained in section 13 of the Corporation's annual information form for the year ended December 31, 2013, which was filed on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) on March 31, 2014.

### **ADDITIONAL INFORMATION**

The Corporation regularly files quarterly and annual financial statements, as well as material change reports, MD&A and other important information with the securities commissions or similar authorities in each of the provinces of Canada. Financial information of the Corporation is contained in the audited and consolidated comparative financial statements and MD&A of the Corporation for the year ended December 31, 2013. Copies of such documents are available on the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) or available upon request from the Corporation at 1703 W Fifth Street, Suite 600, Austin, Texas, 78703. Election cards have been delivered to Shareholders whereby Shareholders can elect to receive interim financials and/or annual financials and the corresponding management discussion and analysis.



**APPROVAL OF CIRCULAR BY THE CORPORATION BOARD OF DIRECTORS**

The contents of this Information Circular and its sending to the Shareholders have been unanimously approved by the Board.

Toronto, Ontario, April 14, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS,**

*“Philippe von Stauffenberg”*

**Philippe von Stauffenberg**  
Executive Chairman

**SCHEDULE “A”  
Stock Option Plan Resolution**

**RESOLUTION OF THE SHAREHOLDERS  
OF  
MOOD MEDIA CORPORATION  
(the “Corporation”)**

**BE IT RESOLVED** as an ordinary resolution, on a disinterested basis, that:

1. Subject to receipt of approval of the Toronto Stock Exchange, the stock option plan (the “**Option Plan**”) described in and attached to the management information circular of the Corporation dated April 14, 2014 and all unallocated options thereunder be and is hereby authorized, ratified and approved in its entirety, subject to such amendments, changes, additions and alterations thereto that any majority of the Board where a quorum is present or acts unanimously approved in writing by the Board may approve or as may be required by the Toronto Stock Exchange or such other stock exchange or exchanges as the common shares of the Corporation may be listed;
2. the Corporation have the ability to continue granting options under the Option Plan until May 13, 2017, which is the date that is three years from the date of the shareholder meeting at which shareholder approval is being sought; and
3. Any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.

**SCHEDULE "B"**  
**Stock Option Plan**

*Please see attached.*

## MOOD MEDIA CORPORATION

### STOCK OPTION PLAN

#### 1. DEFINITIONS

In the Plan, the following terms shall have the following meanings:

- (a) “**Administrators**” means the Board or, if so designated by the Board to administer the Plan, the Compensation and Governance Committee of the Board or any other designated members of the Board;
- (b) “**Associate**” has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (c) “**Black Out Period**” means the period during which directors, officers and designated employees of the Corporation cannot trade the Common Shares pursuant to the Corporation's policy respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation or in respect of an insider, that insider, is subject);
- (d) “**Board**” means the board of directors of the Corporation;
- (e) “**Business Day**” means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada or Los Angeles, California, U.S.A.;
- (f) “**Cashless Exercise**” has the meaning ascribed in Section 13(a) hereto;
- (g) “**Cashless Exercise Notice**” has the meaning ascribed in Section 13(a) hereto;
- (h) “**Change of Control**” means:
  - (i) the completion of an Offer pursuant to which the offeror, together with persons acting jointly or in concert with the offeror, become(s) a shareholder of the Corporation being entitled to exercise more than 50% of the voting rights attaching to the outstanding voting shares in the capital of the Corporation (provided that prior to the Offer, the offeror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting shares in the capital of the Corporation),
  - (ii) the completion of a consolidation, merger or amalgamation of the Corporation with or into any other corporation whereby the voting shareholders of the Corporation immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting shares of the consolidated, merged or amalgamated corporation, or

- (iii) the completion of a sale, exchange or transfer (in one transaction or a series of related transactions) whereby all or substantially all of the Corporation's undertakings and assets become the property of any other entity and the voting shareholders of the Corporation immediately prior to that sale, exchange or transfer hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale, exchange or transfer;
- (i) **"Common Shares"** means the common shares of the Corporation;
- (j) **"Consultant"** means an individual (including an individual whose services are contracted for through a corporation or partnership) or corporation or partnership with whom the Corporation or any of its Subsidiaries has a written contract for services;
- (k) **"Control"** means, in relation to a corporation, a corporation whose voting securities carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of another person or corporation or by or for the benefit of the other corporations and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the corporation, and **"Controlled"** shall have a corresponding meaning;
- (l) **"Corporation"** means Mood Media Corporation, a corporation continued under the laws of Canada, and its successors;
- (m) **"Eligible Corporation"** has the meaning ascribed in Section 1(o)(ii) hereto;
- (n) **"Eligible Individual"** has the meaning ascribed in Section 1(o)(i) hereto;
- (o) **"Eligible Person"** means:
  - (i) any director, officer or employee of the Corporation and/or any director, officer or employee of any Subsidiary (an **"Eligible Individual"**),
  - (ii) a corporation Controlled by an Eligible Individual, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse of such Eligible Individual (an **"Eligible Corporation"**),
  - (iii) a family trust of which at least one of the trustees or the sole trustee is an Eligible Individual and the beneficiary or beneficiaries are any one or combination of such Eligible Individual and: (i) the spouse and/or (ii) the children of such Eligible Individual (an **"Eligible Trust"**), or

- (iv) a Consultant;
- (p) “**Eligible Trust**” has the meaning ascribed in Section I(o)(iii) hereto;
- (q) “**Event of Termination**” means an event whereby a Participant ceases to be an Eligible Person and an Event of Termination shall be deemed to have occurred by the giving of any notice of termination of employment or service (whether voluntary or involuntary and whether with or without just cause), retirement, or any cessation of employment or service for any reason whatsoever, including disability or death;
- (r) “**Excess Withholding**” has the meaning ascribed in Section 21 hereto;
- (s) “**Fair Market Value**” of a Common Share on a day means the volume-weighted average trading price of the Common Shares on any recognized stock exchange on which the Common Shares trade (including the TSX) for the five trading days immediately preceding such day; provided that, if no Common Shares traded in the five trading days immediately preceding such day, the Fair Market Value shall be the average of the closing bid and ask prices over the last five trading days immediately preceding such day;
- (t) “**Offer**” means a bona fide arm's length offer made to all holders of voting shares in the capital of the Corporation to purchase, directly or indirectly, voting shares in the capital of the Corporation;
- (u) “**Option**” means an option granted to an Eligible Person under the Plan to purchase Common Shares;
- (v) “**Option Agreement**” has the meaning ascribed in Section 6 hereto;
- (w) “**Option Confirmation**” has the meaning ascribed in Section 11 hereto;
- (x) “**Participant**” means any Eligible Person to whom an Option has been granted;
- (y) “**Plan**” means this Stock Option Plan of the Corporation, as it may be amended or amended and restated from time to time;
- (z) “**Proposed Transaction**” has the meaning ascribed in Section 17 hereto;
- (aa) “**reserved for issuance**” refers to Common Shares that may be issued in the future upon the exercise of Options which have been granted;
- (bb) “**Section 409A**” has the meaning ascribed in Section 20 hereto;
- (cc) “**Subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Ontario) and “**Subsidiaries**” shall have a corresponding meaning;

- (dd) **“Trust”** means a trust governed by a registered retirement savings plan or a registered retirement income fund (in each case as defined in the Income Tax Act (Canada)) established for or by an Eligible Individual or under which an Eligible Individual is a beneficiary and **“Trusts”** shall have a corresponding meaning; and
- (ee) **“TSX”** means the Toronto Stock Exchange.

## **2. PURPOSE**

The purpose of the Plan is to advance the interests of the Corporation and its Subsidiaries and the Corporation's shareholders by: (i) ensuring that the interests of key Eligible Individuals and Consultants are aligned with the success of the Corporation and its Subsidiaries; (ii) encouraging stock ownership by key Eligible Individuals and Consultants; and (iii) providing compensation opportunities to attract, retain and motivate key Eligible Individuals and Consultants.

## **3. SHARES SUBJECT TO THE PLAN**

The shares subject to the Plan shall be Common Shares. The Common Shares for which Options are granted shall be authorized but unissued Common Shares. The aggregate number of Common Shares that may be issued under the Plan is limited to 10% of the number of issued and outstanding Common Shares from time to time, subject to increase or decrease as provided in Section 14 hereof. Common Shares in respect of which Options have been granted but that are not exercised prior to expiry (whether through surrender, termination, lapse or otherwise) shall be available for subsequent Options.

## **4. ADMINISTRATION OF THE PLAN**

The Plan shall be administered by the Administrators. Subject to any limitations of the Plan, the Administrators shall have the power and authority to:

- (a) adopt rules and regulations for implementing the Plan;
- (b) determine the eligibility of persons to participate in the Plan, when Options to Eligible Persons shall be granted, the number of Common Shares subject to each Option, the vesting period for each Option and the other matters described in Section 7;
- (c) interpret and construe the provisions of the Plan;
- (d) subject to regulatory requirements, make exceptions to the Plan in circumstances which they determine to be exceptional;
- (e) make all other determinations and take all other actions as they determine to be necessary or desirable to implement, administer and give effect to the Plan; and

- (f) take any other actions that they are otherwise vested with the power and authority to take hereunder but that are not enumerated above.

The interpretation and construction of any provision of the Plan by the Administrators shall be final and conclusive. None of the Administrators will be liable for any action or determination taken or made in good faith with respect to the Plan or any Options granted under it. Members of the Board who comprise the Administrators may be granted Options under the Plan.

## **5. ELIGIBLE PERSONS**

Options may be granted to any Eligible Person or Trust as determined by the Administrators in accordance with the provisions hereof.

## **6. AGREEMENT**

All Options granted hereunder shall be evidenced by an agreement between the Corporation and the Participant substantially in the form of Schedule 1 (the "Option Agreement").

## **7. GRANT**

Subject to the terms and conditions of the Plan, the Administrators shall determine the number of Common Shares that are subject to each Option, the exercise price of each Option, the expiration date of each Option and any other terms and conditions relating to each Option; provided, however, that:

- (a) unless otherwise determined by the Administrators, Options shall vest and become exercisable in respect of 25% of the Common Shares subject to such Options after each of the first four anniversaries of the granting of such Options; and
- (b) the exercise price shall not be less than the Fair Market Value on the date the Option is granted.

## **8. ELIGIBLE, INDIVIDUALS' RETIREMENT SAVINGS PLANS OR RETIREMENT INCOME FUNDS**

Eligible Individuals may, in their sole discretion, elect to have granted to a Trust some or all of the Options to be granted to them. Such election must be made prior to the execution of the Option Agreement and shall be evidenced in such agreement and in the Option Confirmation. For the purposes of the Plan, Options held by Trusts established for or by Eligible Individuals or under which Eligible Individuals are beneficiaries shall be considered to be held by such Eligible Individuals.



## 9. TERM OF OPTION

Subject to the terms of the Plan, each Option shall be exercisable from vesting through the date that is ten years from the date on which it is granted, unless earlier terminated or otherwise agreed to by the Administrators.

## 10. BLACKOUT PERIOD

Should the expiration date for an Option fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 24, the ten Business Day period referred to in this Section 10 may not be extended by the Board.

## 11. OPTION CONFIRMATION

Upon the grant of each Option, an option confirmation, substantially in the form of Schedule 2 (an “**Option Confirmation**”), shall be delivered by the Administrators to the Participant. If applicable, the Option Confirmation shall indicate the number of Options, if any, that the Eligible Individual has elected to have granted directly to a Trust or Trusts.

## 12. EXERCISE OF OPTION

An Option that has vested in accordance with the provisions of the Plan and the applicable Option Confirmation and Option Agreement may be exercised at any time, or from time to time, during its term as to any number of whole Common Shares that are then available for purchase; provided that no partial exercise may be for fewer than 100 whole Common Shares. An Option may be exercised by delivery of a written notice of the election to the Secretary of the Corporation, substantially in the form of Schedule 3, or in any other form acceptable to the Administrators. The aggregate amount to be paid for the Common Shares to be acquired pursuant to the exercise of an Option shall accompany the written notice.

Subject to Section 21, upon actual receipt by the Secretary of the Corporation of the written notice and a cheque or other payment in immediately available funds for the aggregate exercise price, the number of Common Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable and the Participant (or a trustee, in the case of the exercise of Options by a Trust) exercising the Option shall be registered on the books of the Corporation as the holder of the appropriate number of Common Shares. No person or entity shall enjoy any part of the rights or privileges of a holder of Common Shares subject to Options until that person or entity becomes the holder of record of those Common Shares.

### 13. CASHLESS EXERCISE

- (a) Pursuant to the terms of this Section 13, a Participant may elect to exercise an Option, in whole or in part, without payment of the aggregate exercise price due on such exercise (a “**Cashless Exercise**”). A Participant electing to exercise an Option in such manner shall give written notice (a “Cashless Exercise Notice”) of the election to the Secretary of the Corporation, substantially in the form of Schedule 4 or in any other form acceptable to the Administrators.
- (b) Upon actual receipt by the Administrators of a Cashless Exercise Notice from a Participant, the Corporation shall calculate and issue to such Participant that number of Common Shares as is determined by application of the following formula, after deduction of any income tax and other amounts required by law to be withheld:

$$X = [Y(A-B)]/A \text{ Where}$$

X = the number of Common Shares to be issued to the Participant upon such Cashless Exercise

Y = the number of Common Shares underlying the Options being exercised

A = the Fair Market Value as at the date of such Cashless Exercise Notice, if such Fair Market Value is greater than the exercise price

B = the exercise price

No fractional Common Shares will be issued upon a Participant making a Cashless Exercise. If the number of Common Shares to be issued to the Participant in the event of a Cashless Exercise would otherwise include a fraction of a Common Share, the Corporation will pay a cash amount to such Participant equal to: (i) the fraction of a Common Share otherwise issuable multiplied by (ii) the value attributable to “A” in the formula set out above.

### 14. CERTAIN ADJUSTMENTS

Appropriate adjustments with respect to Options granted or to be granted, in the number of Common Shares that are available for purchase and in the exercise price for such Common Shares under the Plan may be made by the Administrators, in their discretion, to preserve the economic benefits intended to be made available under the Options following, or in connection with, any rights offerings, subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital structure of the Corporation, including as a result of any merger, amalgamation or sale, exchange or transfer of all or substantially all of the assets of the

Corporation, subject to applicable law and the applicable rules and policies of the TSX (so long as any outstanding Common Shares are listed for trading thereon).

#### **15. EXERCISE RIGHTS UPON AN EVENT OF TERMINATION**

If an Event of Termination has occurred, any unvested Options, to the extent not available for exercise as of the date of the Event of Termination, shall forthwith and automatically be cancelled, terminated and not available for exercise without further consideration or payment to the Participant,

Except as otherwise stated herein, upon the occurrence of an Event of Termination, the vested Options granted to the effected Participant or to a Trust established for or by an Eligible Individual or under which an Eligible Individual is a beneficiary that are available for exercise may be exercised only before the earlier of:

- (i) the termination of the Option; and
- (ii) 90 days after the date of the Event of Termination (unless the Event of Termination is the death of the Eligible Individual) or one calendar year from the date of the Event of Termination (if the Event of Termination is the death of the Eligible Individual).

For the purposes of the Plan and all matters relating to the Options, the date of the Event of Termination shall be determined in accordance with Section 1(q) hereof and without regard to any applicable notice period of termination, severance or termination pay, damages or any claim thereto (whether express, implied, contractual, statutory, at common law or in equity).

#### **16. TRANSFERABILITY**

Subject to the terms of this Section 16 with respect to a Participant's death, a Participant shall not be entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate, whether by operation of law or otherwise, the Participant's Options or any rights the Participant has in the Plan. Options may be exercised by the Participant or a Trust established for or by an Eligible Individual or under which an Eligible Individual is a beneficiary and, upon the Participant's death, the legal representative of his or her estate or any other person who acquires his or her rights in respect of an Option by bequest or inheritance. A person exercising an Option may subscribe for Common Shares only in his or her own name, on behalf of a Trust established for his or her benefit or in his or her capacity as a legal representative. Nothing contained in this Section 16 shall operate to restrict the transfer of any Common Shares issued pursuant to the exercise of a particular Option granted hereunder.

#### **17. CHANGE OF CONTROL**

Notwithstanding any other provision of the Plan, if the Administrators at any time by resolution declare it advisable to do so in connection with a transaction that, if completed, would result in a Change of Control (a "**Proposed Transaction**"), the

Corporation may give written notice to the Participants advising that all or some of their Options (whether or not currently exercisable) may be exercised prior to the completion of the Proposed Transaction, in each case, conditional upon the completion of the Proposed Transaction, and that all rights of the Participants under any Options not exercised will terminate immediately prior to the completion of the Proposed Transaction, provided that any exercises of Options received by the Corporation after the date of the notice will be effective as of and conditional upon the completion of the Proposed Transaction. If the Proposed Transaction is not completed within 180 days after the date of the notice, the Corporation will return to any affected Participant all rights under the Participant's Options as if no conditional exercise had been affected.

In the event the Corporation does not elect to provide for conditional Option exercises with respect to all outstanding Options, each outstanding Option as to which conditional exercise was not made available shall, upon completion of the Proposed Transaction, become exercisable (subject to the vesting schedule applicable to such Option) for the number and type of securities or other property that the holder of such Option would have received in the Proposed Transaction had such holder exercised such Option immediately prior to the effective time of the Proposed Transaction. All other terms and conditions of such Options will remain unchanged, unless the Administrators, in their sole discretion, determine that further adjustments are required to be made to such Options to preserve the economic benefits intended to be made available thereunder.

#### **18. TERMINATION**

The Administrators may terminate the Plan at any time in their absolute discretion. If the Plan is so terminated, no further Options shall be granted but the Options then outstanding shall continue in full force and effect in accordance with the provisions of the Plan.

#### **19. COMPLIANCE WITH LAWS**

The granting of Options and the sale and delivery of Common Shares under the Plan shall be carried out in compliance with applicable laws and the applicable rules and policies of governmental authorities, the TSX (so long as the outstanding Common Shares are listed for trading thereon). If the Administrators determine in their discretion that, in order to comply with any such laws, rule or policies, certain action is necessary or desirable as a condition of or in connection with the granting of an Option or the issue, purchase or delivery of Common Shares under an Option, that Option may not be exercised in whole or in part unless that action shall have been completed in a manner satisfactory to the Administrators. The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rules and requirements, including all tax withholding and remittance obligations.

## **20. SECTION 409A**

Notwithstanding any other provision of the Plan, if any Plan provision or Options under the Plan would result in the imposition of an additional tax under Section 409A of the *Internal Revenue Code of 1986*, as amended, and related regulations and United States Department of the Treasury pronouncements (“**Section 409A**”), that Plan provision or such Options will be reformed, in the sole discretion of the Administrators, to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Participant's rights to Options.

## **21. INCOME TAXES**

As a condition of participation in the Plan, each Participant authorizes the Corporation in written form to withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan. To the extent that the remuneration payable to such Participant is not sufficient to withhold such amounts, (i) the Participant consents and grants the Corporation the right to be entitled to reduce the number of Common Shares to which the Participant is entitled under Section 12 by an amount that the Administrators, in their discretion, determine to be necessary to satisfy any remaining obligation to withhold amounts (the “**Excess Withholding**”) through the sale of such Common Shares by the Corporation on behalf of any Participant and the remittance of the Excess Withholding to the applicable governmental authority; (ii) the Corporation shall permit the Participant to remit the amount of any required withholding to the Corporation in advance or to reimburse the Corporation for any required withholdings, and/or (iii) the Corporation shall have the right to satisfy such withholding obligations by making such other arrangements as the Corporation may reasonably require.

## **22. INTERPRETATION**

In the Plan, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

## **23. NO RIGHT TO EMPLOYMENT**

Nothing contained in the Plan or in any Option granted under the Plan shall confer upon any person any rights to employment or continued employment with the Corporation or any Subsidiary or interfere in any way with the rights of the Corporation or any Subsidiary in connection with the employment or termination of employment of any such person. Participation in the Plan by an Eligible Person shall be voluntary.

## **24. AMENDMENTS TO THE PLAN**

The Administrators may amend the Plan or any Option at any time without the consent of the Participants provided that such amendment shall:

- (a) not materially and adversely alter or impair any Option previously granted except as permitted by the provisions of Section 14 hereof;

- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Administrators may make any changes which may include, but are not limited to:
  - (i) amendments of a “housekeeping” nature;
  - (ii) a change to the vesting provisions of any Option;
  - (iii) a change to the termination provisions of any Option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of Section 10);
  - (iv) any changes required to ensure compliance with Section 409A;
  - (v) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
  - (vi) a change to the eligible participants of the Plan; or
  - (vii) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Corporation.

The Administrators may discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely alter or impair any Option previously granted.

## **25. GOVERNING LAW**

The Plan, and any Options granted hereunder, shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **26. SUBJECT TO APPROVAL**

The Plan is adopted subject to any required regulatory approval. To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in effect.

**SCHEDULE 1**

**AGREEMENT**

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Mood Media Corporation (the "**Corporation**") and \_\_\_\_\_ (the "**Participant**") pursuant to the stock option plan (the "**Plan**") adopted by the Corporation as of June 2008 and re-approved, ratified and confirmed by the shareholders of the Corporation on May 13, 2014.

Pursuant to the Plan and in consideration of \$1.00 paid and services provided to the Corporation by the Participant, the Corporation hereby grants options ("**Options**") and agrees to issue common shares of the Corporation (the "**Common Shares**") to the Participant and/or the Trust(s) described below governed by a registered retirement savings plan or a registered retirement income fund established for or by the Participant or under which the Participant is a beneficiary in accordance with the terms of the Plan. The grant of the Option is confirmed by the Option Confirmation attached to this Agreement.

The grant and exercise of the Option and the issue of Common Shares are subject to the terms and conditions of the Plan, all of which are incorporated into and form an integral part of this Agreement.

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.

By executing this Agreement, the Participant confirms and acknowledges that he, she or it has not been induced to enter into this Agreement or acquire any Option by expectation of employment or continued employment with the Corporation or any subsidiary thereof.

**MOOD MEDIA CORPORATION**

By: \_\_\_\_\_

Name:

Title:

*I have the authority to bind the company.*

**IN WITNESS WHEREOF**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Participant

**Description of Trust<sup>1</sup>**

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

**Description of Eligible Corporation<sup>2</sup>**

Name of Corporation	Jurisdiction	Shareholders	No. of Common Shares Held	No. of Options

**Description of Eligible Trust<sup>3</sup>**

Name of Corporation	Jurisdiction	Shareholders	No. of Common Shares Held	No. of Options

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<sup>1</sup> To be completed if an Eligible Individual elects to have Options granted directly to a Trust.

<sup>2</sup> To be completed if Options are granted directly to an Eligible Corporation.

<sup>3</sup> To be completed if Options are granted to an Eligible Trust.



**SCHEDULE 2**

**OPTION CONFIRMATION**

TO: \_\_\_\_\_  
("Participant")

Pursuant to the stock option plan (the "Plan") adopted by Mood Media Corporation (the "Corporation") as of June 2008 and re-approved, ratified and confirmed by the shareholders of the Corporation on May 13, 2014, and an agreement between the Corporation and the Participant dated \_\_\_\_\_, 20\_\_\_\_, the Corporation confirms the grant to the Participant and/or the Trust(s) described below governed by a registered retirement savings plan or a registered retirement income fund established for or by the Participant or under which the Participant is a beneficiary, of an option (the "Option") to acquire \_\_\_\_\_ common shares of the Corporation (the "Common Shares") at an exercise price of Cdn\$ \_\_\_\_\_ per Common Share.

Subject to Sections 15 and 17 of the Plan, the Option shall be exercisable until \_\_\_\_\_, 20\_\_\_\_ and, unless otherwise determined by the Administrators pursuant to Section 9 of the Plan, of the Common Shares subject to the Option:

- (a) [25% of the Common Shares may be purchased at any time during the term of the Option on or after \_\_\_\_\_, \_\_\_\_\_;
- (b) an additional 25% of the Common Shares may be purchased at any time during the term of the Option on or after \_\_\_\_\_, \_\_\_\_\_;
- (c) an additional 25% of the Common Shares may be purchased at any time during the term of the Option on or after \_\_\_\_\_, \_\_\_\_\_; and
- (d) an additional 25% of the Common Shares may be purchased at any time during the term of the Option on or after \_\_\_\_\_, \_\_\_\_\_;]

The granting and exercise of this Option are subject to the terms and conditions of

**MOOD MEDIA CORPORATION**

By: \_\_\_\_\_

Name:

Title:

*I have the authority to bind the company.*

**Description of Trust<sup>4</sup>**

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

Trustee \_\_\_\_\_ Account No. \_\_\_\_\_ No. of Options \_\_\_\_\_

**Description of Eligible Corporation<sup>5</sup>**

Name of Corporation	Jurisdiction	Shareholders	No. of Common Shares Held	No. of Options

**Description of Eligible Trust<sup>6</sup>**

Name of Corporation	Jurisdiction	Shareholders	No. of Common Shares Held	No. of Options

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<sup>4</sup> To be completed if an Eligible Individual elects to have Options granted directly to a Trust.

<sup>5</sup> To be completed if Options are granted directly to an Eligible Corporation.

<sup>6</sup> To be completed if Options are granted to an Eligible Trust.

**SCHEDULE 3**

**ELECTION**

**TO: MOOD MEDIA CORPORATION**  
(the "Corporation")

Pursuant to the stock option plan (the "Plan") adopted by the Corporation as of June 2008 and re-approved, ratified and confirmed by the shareholders of the Corporation on May 13, 2014, the undersigned elects to purchase \_\_\_\_\_ common shares of the Corporation (the "Common Shares") which are subject to an Option granted on \_\_\_\_\_, 20\_\_\_\_, and encloses a cheque payable to the Corporation or other payment in immediately available funds in the aggregate amount of Cdn\$ \_\_\_\_\_, being Cdn\$ \_\_\_\_\_ per Common Share.

The undersigned requests that the Common Shares be issued in his, her or its name as follows in accordance with the terms of the Plan:

\_\_\_\_\_  
(Print Name as Name is to Appear on Share Register)

(Where the party exercising the Option is a Trust): The undersigned is the trustee of a trust governed by a registered retirement savings plan or a registered retirement income fund established for or by or for the benefit of

\_\_\_\_\_  
(Print Name of Beneficiary of Trust)

(Where the party exercising the Option is an Eligible Corporation): The undersigned is an officer or director of the Eligible Corporation of

\_\_\_\_\_  
(Print Name of Controlling Shareholder of Company)

(Where the party exercising the Option is an Eligible Trust): The undersigned is the trustee of a trust established for or by or for the benefit of

\_\_\_\_\_  
(Print Name of Beneficiary of Trust)

The undersigned acknowledges that he or she has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Corporation.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

---

Witness

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Participant

Title:

(Where the party exercising the Option is a trust, the trustee should execute this election)

(where the party exercising the Option is a corporation, an officer or director should execute this election and the title should be entered)

**SCHEDULE 4**

**ELECTION — CASHLESS EXERCISE OF OPTION**

**TO: MOOD MEDIA CORPORATION (the "Corporation")**

Pursuant to the stock option plan (the "**Plan**") of the Corporation adopted as of June 2008 and re-approved, ratified and confirmed by the shareholders of the Corporation on May 13, 2014, the undersigned elects to purchase \_\_\_\_\_ common shares of the Corporation (the "Common Shares") which are subject to an Option granted on \_\_\_\_\_ 20\_\_\_\_, on a cashless basis.

Pursuant to the terms of Section 13 of the Plan, the number of Common Shares to be issued in accordance with the instructions of the undersigned below shall be as is determined by application of the following formula, after deduction of any income tax and other amounts required by law to be withheld:

X =  $[Y(A-B)]/A$  Where

X = the number of Common Shares to be issued to the undersigned upon such cashless exercise

Y = the number of Common Shares underlying the Options being exercised

A = the Fair Market Value as at the date of such Cashless Exercise Notice, if such Fair Market Value is greater than the exercise price

B = the exercise price

No fractional Common Shares will be issued upon the undersigned making a Cashless Exercise. If the number of Common Shares to be issued to the Participant in the event of a Cashless Exercise would otherwise include a fraction of a Common Share, the Corporation will pay a cash amount to the undersigned equal to (i) the fraction of a Common Share otherwise issuable multiplied by (ii) the value attributable to "A" in the formula set out above.

The undersigned requests that the Common Shares be issued in his, her or its name as follows in accordance with the terms of the Plan:

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(Print name as name is to appear on share certificate)

The undersigned acknowledges that he or she has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Corporation.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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Witness

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Participant

Title:

(Where the party exercising the Option is a trust, the trustee should execute this election)

(where the party exercising the Option is a corporation, an officer or director should execute this election and the title should be entered)

**SCHEDULE "C"**  
**Charter of the Board of Directors**

*Please see attached.*

# **MOOD MEDIA CORPORATION CHARTER OF THE BOARD OF DIRECTORS GENERAL**

## **1. PURPOSE AND RESPONSIBILITY OF THE BOARD**

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of Mood Media Corporation and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of Mood Media Corporation's business and affairs.

## **2. REVIEW OF CHARTER**

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate, shall consider such amendments to this Charter as the Compensation and Governance Committee of the Board shall recommend and shall make such amendments to this as it considers necessary or appropriate.

## **3. DEFINITIONS AND INTERPRETATION**

### **3.1 Definitions**

In this Mandate:

- (a) "Articles" means the articles of continuance of the Corporation, as defined in the Act, and includes any amendments thereto;
- (b) "Board" means the board of directors of Mood Media Corporation;
- (c) "By-Laws" means the by-laws of Mood Media Corporation in force, as amended or restated from time to time;
- (d) "CEO" means Mood Media Corporation's chief executive officer;
- (e) "Chairman" means the Chairman of the Board;
- (f) "Charter" means this charter, as amended from time to time;
- (g) "Director" means a member of the Board;
- (h) "Mood Media" means Mood Media Corporation; and
- (i) "Stock Exchanges" means, at any time, any stock exchange or quotation system on which any securities of Mood Media Corporation are listed or quoted for trading at the applicable time.

### **3.2 Interpretation**

This Charter is subject to and shall be interpreted in a manner consistent with Mood Media's Articles, By-Laws, the Canada Business Corporations Act (the "Act") and any other applicable legislation.



## **CONSTITUTION OF THE BOARD**

### **4. ELECTION AND REMOVAL OF DIRECTORS**

#### 4.1 Number of Directors

The Board shall consist of such number of Directors as the shareholders (or the Board as authorized by the shareholders) may determine from time to time, within any range as may be set out in Mood Media's Articles at such time.

#### 4.2 Election of Directors

Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent Directors shall continue in office until their successors are elected.

#### 4.3 Vacancies

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the Act and the By-Laws.

#### 4.4 Ceasing to Be a Director

A Director will cease to hold office upon:

- (i) delivering a resignation in writing to Mood Media;
- (ii) being removed from office by an ordinary resolution of the shareholders; or
- (iii) becoming disqualified from acting as a Director.

### **5. CRITERIA FOR DIRECTORS**

#### 5.1 Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.

#### 5.2 Independence of Directors

- (a) The composition of the Board shall comply with all statutory and regulatory requirements to which Mood Media is subject. Without limiting the generality of the foregoing, a majority of the Directors shall be "independent" (as such term is defined for the purposes of board composition under applicable Canadian securities laws).

#### 5.3 Other Criteria

The Board may establish other criteria for Directors as contemplated in this Charter.

### **6. BOARD CHAIRMAN**

#### 6.1 Chairman to Be Appointed Annually

The Board shall appoint the Chairman annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected. If the Board does not so appoint a Chairman, the Director who is then serving as Chairman shall continue as Chairman until his or her successor is appointed.

## **7. REMUNERATION OF DIRECTORS AND RETAINING ADVISORS**

### 7.1 Compensation and Governance

Members of the Board shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Compensation and Governance Committee of the Board. Any remuneration payable pursuant to this Section 7.1 shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any provisions of the By-Laws. If by arrangement with the Board, any Director shall perform or render any special duties or services outside of his or her ordinary duties as a Director and not in his or her capacity as a holder of employment or executive office, he or she may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine. The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the provisions of the By-Laws may be either a fixed sum of money or may altogether or in part be governed by business done or profits made or otherwise determined by the Board and may be in addition to or in lieu of any fee payable to him or her for his or her services as a Director.

### 7.2 Retaining and Compensating Advisors

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the Chairman of the Compensation and Governance Committee, which approval may not be unreasonably withheld or delayed.

## **MEETINGS OF THE BOARD**

## **8. MEETINGS OF THE BOARD,**

### 8.1 Time and Place of Meetings

Meetings of the Board shall be called and held in the manner and at the location contemplated in Mood Media's By-Laws.

### 8.2 Frequency of Board Meetings

The Board shall meet, at a minimum, once per fiscal quarter.

### 8.3 Quorum

The quorum necessary for the transaction of business at a meeting of the Board shall be a majority of the number of Directors then in office. In the event that there are less than four Directors, one Director shall constitute a quorum.

### 8.4 Secretary of the Meeting

Subject to the limitations contained in the By-Laws, the Board shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

### 8.5 Right to Vote

Each member of the Board shall have the right to vote on matters that come before the Board.

### 8.6 Invitees

The Board may invite any of Mood Media's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

## **9. IN CAMERA SESSIONS**

### 9.1 In Camera Sessions of Non-Management Directors

At the conclusion of each meeting of the Board, the Directors shall meet without any member of management being present (including any Director who is a member of management).

## **DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD**

## **10. DELEGATION AND RELIANCE**

### 10.1 Delegation to Committees

Subject to the limitations contained in the By-Laws, the Board may establish and delegate to committees of the Board any of its powers, authorities and discretions (with power to sub-delegate) which the Board is not prohibited by law from delegating. The Board may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that respect and may from time to time revoke, withdraw, alter or vary any of such powers and discharge any such committee in whole or in part. However, no committee of the Board shall have the authority to make decisions which bind Mood Media, except to the extent that such authority has been expressly delegated to such committee by the Board.

### 10.2 Requirement for Certain Committees

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

- (a) Audit Committee; and
- (b) Compensation and Governance Committee; and

### 10.3 Composition of Committees

The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and shall require the Compensation and Governance Committee to make recommendations to it with respect to such matters.

### 10.4 Review of Charters

On an annual basis, the Board will review the recommendations of the Compensation and Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

### 10.5 Delegation to Management

Subject to Mood Media's By-Laws, the Board may designate the offices of Mood Media, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of Mood Media, except to the extent that such delegation is prohibited under the Act or limited by the Articles or By-Laws of Mood Media or by any resolution of the Board or policy of Mood Media.

### 10.6 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by Mood Media's management.

### 10.7 Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

### 10.8 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

## **DUTIES AND RESPONSIBILITIES**

### **11. DUTIES OF INDIVIDUAL DIRECTORS**

#### 11.1 Fiduciary Duty/Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall act honestly and in good faith with a view to the best interests of Mood Media.

#### 11.2 Compliance with Act, Articles and By-Laws

A Director shall comply with the Act as well as with Mood Media's Articles and By-Laws.

#### 11.3 Compliance with Mood Media's Policies

A Director shall comply with all policies of Mood Media applicable to members of the Board as approved by the Board.

### **12. RESPONSIBILITIES OF DIRECTORS**

#### 12.1 Responsibilities Set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge the duties and responsibilities set out in accordance with the Charter.

#### 12.2 Orientation and Education

A Director shall participate in the orientation and continuing education programs developed by Mood Media for the Directors.

#### 12.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

(a) review thoroughly the material provided to the Director in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and

(b) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

#### 12.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

#### 12.5 Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

### **13. BOARD RESPONSIBILITY FOR SPECIFIC MATTERS**

#### 13.1 Responsibility for Specific Matters

The Board explicitly assumes responsibility for the matters set out in Sections 14 to 18 of this Charter, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of Mood Media's business and affairs.

#### 13.2 Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

### **14. CORPORATE GOVERNANCE GENERALLY**

#### 14.1 Governance Practices and Principles

The Board shall be responsible for developing Mood Media's approach to corporate governance.

#### 14.2 Governance Disclosure

The Board shall approve disclosure about Mood Media's governance practices in any document before it is delivered to Mood Media's shareholders or filed with securities regulators or with the Stock Exchanges.

#### 14.3 Certification

The Board shall review and approve before it is filed, each certification required to be delivered by Mood Media's CEO and/or Chief Financial Officer to the Stock Exchanges with respect to Mood Media's compliance with its listing agreement(s) or with respect to non-violation of applicable corporate governance listing standards.

#### 14.4 Delegation to Compensation and Governance Committee

The Board may direct the Compensation and Governance Committee to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

### **15. RESPONSIBILITIES RELATING TO MANAGEMENT**

#### 15.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other senior officers; and
- (b) that the CEO and other senior officers create a culture of integrity throughout the organization.

#### 15.2 Succession Planning

The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

#### 15.3 Executive Compensation Policy

The Board shall receive recommendations of the Compensation and Governance Committee and make such determinations as it considers appropriate with respect to:

- (a) CEO's compensation level;
- (b) non-CEO officer compensation;
- (c) director compensation;
- (d) incentive-compensation plans; and
- (e) equity-based plans.

### **16. OVERSIGHT OF THE OPERATION OF THE BUSINESS**

#### 16.1 Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of Mood Media's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

#### 16.2 Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of Mood Media's business.

#### 16.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of Mood Media's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee) to implement changes to such systems to ensure integrity of such systems.

#### 16.4 Communications Policy and Feedback Process

(a) The Board shall review and, if determined appropriate, approve a communication policy for Mood Media for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Compensation and Governance Committee with respect to this policy.

(b) The Board shall establish a process pursuant to which the Board can receive feedback from security holders.

#### 16.5 Financial Statements

(a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of Mood Media's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.

(b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of Mood Media to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

#### 16.6 Capital Management

The Board shall receive regular reports from management on the structure and management of Mood Media's capital.

#### 16.7 Pension Plan Matters

The Board shall receive and review reports from management and from the Compensation and Governance Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters, to the extent applicable.

#### 16.8 Code of Business Conduct and Ethics

The Board will review and approve a Code of Business Conduct and Ethics for Mood Media. In adopting this code, the Board will consider the recommendations of the Compensation and Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.

#### 16.9 Compliance and Disclosure

The Board will direct the Compensation and Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Compensation and Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics and of any waiver granted to a Director or senior officer of Mood Media from complying with the Code of Business Conduct and Ethics.

### **17. NOMINATION OF DIRECTORS**

#### 17.1 Nomination and Appointment of Directors

(a) The Board shall nominate individuals for election as Directors by the shareholders and shall require the Compensation and Governance Committee to make recommendations to it with respect to such nominations.

(b) The Board shall adopt a process recommended to it by the Compensation and Governance Committee pursuant to which the Board shall:

(i) consider what competencies and skills the Board, as a whole, should possess; and

(ii) assess what competencies and skills each existing Director possesses.

## **18. BOARD EFFECTIVENESS**

### 18.1 Position Descriptions

The Board shall review and, if determined appropriate, approve the recommendations of the Compensation and Governance Committee concerning formal position descriptions for:

(a) the Chairman of the Board, the Lead Director (if any) and for the Chairman of each committee of the Board; and

(b) the CEO.

### 18.2 Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the Compensation and Governance Committee concerning:

(a) a comprehensive orientation program for new Directors; and

(b) a continuing education program for all Directors.

### 18.3 Board, Committee and Director Assessments

The Board shall review and, if determined appropriate, adopt a process recommended by the Compensation and Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

### 18.4 Annual Assessment of the Board

Each year, the Board shall assess its performance and effectiveness in accordance with the process established by the Compensation and Governance Committee.