

# Proposed New Compensation Structure for: The Intertain Group Ltd.

---

---

*Intertain*

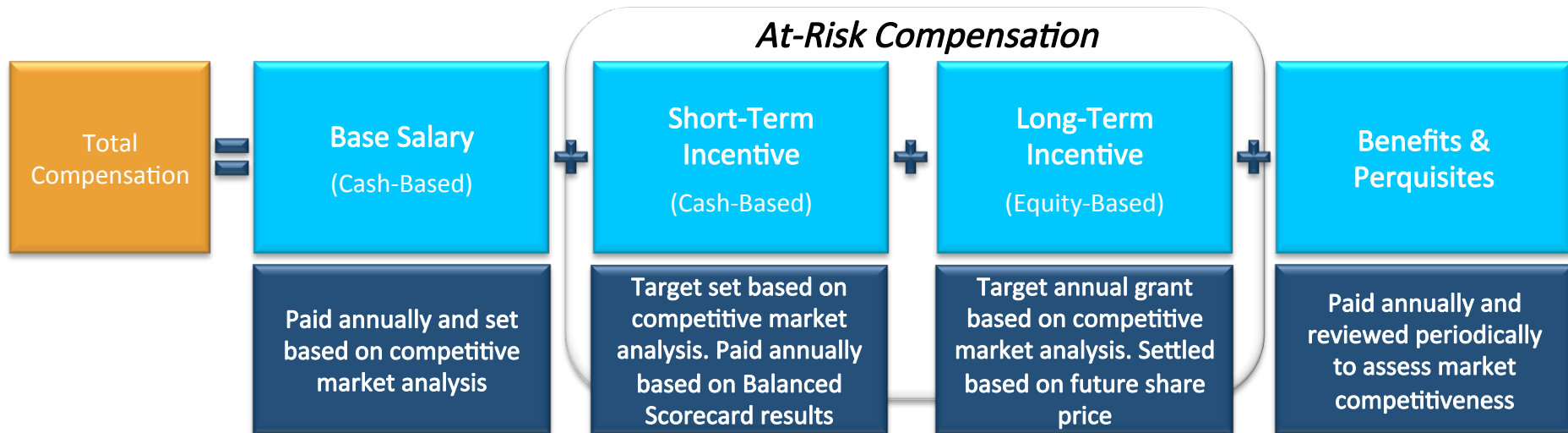
---

---

*Strictly Private and Confidential*

December 2, 2015

# Proposed Compensation Structure



- ❖ A **competitive base salary** will aid in attraction and retention of key employees, and will compensate executives for fulfilling their role and capabilities. This will also be used to set competitive Target Short-Term Incentive and Target Long-Term Incentive opportunities.
- ❖ The **Short-Term Incentive** will be designed to link pay to annual company and individual performance that will contribute to increasing shareholder and company value. Target opportunity will be set with reference to a competitive peer group determined by the Board with increased leverage designed to reward executives for superior performance, but capped at a certain % of Target opportunity based on standard market practices.
- ❖ The **Long-Term Incentive** will be designed to link pay to company performance and retention over the long run through annual grants of equity-based awards that vest over multiple years (e.g. stock options, RSUs, PSUs and/or DSUs). Target Long-Term Incentive grants will be set with reference to a competitive peer group determined by the Board and be settled based on Intertain's future share price.
- ❖ **Benefits** are an investment in executive health and well-being. Intertain's benefit program will be market competitive.
- ❖ **Perquisites** are provided to certain executives and consistent with the market.

# Long-Term Incentive Alternatives

- ❖ Currently, Intertain only has shareholder approval to issue shares from treasury to settle stock options. Intertain feels it may be time to consider adopting an Omnibus LTIP plan (an overarching plan that provides the ability to grant any form of LTIP in treasury shares) since it would require shareholder approval, and would be a good gesture of seeking a form of say on pay with shareholders. An Omnibus LTIP plan would potentially cover the following LTIP vehicles:

Key Term	Definition
Stock Options	A long-term incentive award with a typical term of 5 to 10 years and whose final value is dependent on the difference between the company share price at exercise date and the specified exercise price. Stock options will only provide a payout to the employee if the difference between company share price at exercise date and the specified exercise price is above zero. Vesting schedules under this type of award are typically 3 to 5 years.
Restricted Share Unit (RSU)	A share-based award that vests solely based on the passage of time and whose final value is dependent on company share price at the vesting date. A final payout will be received, as long as an employee remains with the company within the specified vesting period and company share price is above zero. This type of award typically has a vesting schedule of 3 years and vests in equal increments over time or cliff vests at the end of the vesting period. RSUs are typically settled in cash, or shares of the company.
Deferred Share Unit (DSU)	A share-based award that typically vests immediately and whose final payout is based on company share price on the date an employee leaves a company. This type of award is typically made to company founders or those with large stakes in the company who have a substantial financial interest in staying with a company for an extended period of time. It is also used in linking board directors to the share price performance of the company. DSUs are typically settled in cash, net of withholding taxes, or shares of the company.
Performance Share Unit (PSU)	A share-based award that vests based on the passage of time and additional performance criteria. Final payout is less certain due to the addition of defined performance criteria and is based on company share price at the vesting date. Vesting schedules under this type of award are typically for 3 years or less with full vesting occurring at the end of the performance period. PSUs also may be subject to a performance curve, where a Threshold, Target and Maximum number of units are defined based on a range of performance results. PSUs are typically settled in cash, or shares of the company.



GLOBAL  
GOVERNANCE  
ADVISORS



Toronto  Calgary  New York  Miami

[www.GGAinc.com](http://www.GGAinc.com)