



INITIAL PUBLIC OFFERING OF SUBORDINATE VOTING SHARES

Term Sheet

July 6, 2015

Spin Master Corp. Initial Public Offering of Subordinate Voting Shares

*A preliminary base PREP prospectus and an amended and restated preliminary base PREP prospectus containing important information relating to the securities described in this document have been filed with the securities regulatory authorities in each of the provinces of Canada. A copy of the amended and restated preliminary base PREP prospectus, and any further amendment, is required to be delivered with this document. The amended and restated preliminary base PREP prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final base PREP prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. **Investors should read the amended and restated preliminary base PREP prospectus, the final base PREP prospectus, the supplemented PREP prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.***

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the "United States") or to, or for the account or benefit of, U.S. Persons (as defined in the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed thereto in the amended and restated preliminary base PREP prospectus. All references to "\$" or "dollars" in this document are to U.S. dollars, unless indicated otherwise.

- Issuer:** Spin Master Corp. ("Spin Master" or the "Company").
- Offering:** Approximately 11.0 million to 12.9 million Subordinate Voting Shares (12.7 million to 14.9 million, if the Over-Allotment Option is exercised in full).
- Offering Size:** Approximately C\$220.0 million, before giving effect to the Over-Allotment Option.
- Offering Price:** C\$17.00 to C\$20.00 per Subordinate Voting Share.
- Over-Allotment Option:** The Company has granted the Underwriters an option, exercisable at their sole discretion at any time, in whole or in part, for a period of 30 days after the closing of the Offering, to purchase from the Company, at the Offering Price, up to an additional 15.0% of the Subordinate Voting Shares offered under the base Offering for the purpose of covering the Underwriters' over-allocation position, if any, and consequent market stabilization.
- Shares Outstanding:** Following completion of the Reorganization and prior to the Offering 85,234,485 Shares and RSUs will be outstanding, comprised of 4,790,178 Subordinate Voting Shares and, assuming an Offering Price of C\$18.50 per Subordinate Voting Share, the midpoint of the offering price range, and assuming a currency exchange rate of \$1.00 equals C\$1.2392, 79,740,978 Multiple Voting Shares and 703,329 RSUs. Each RSU will entitle the holder thereof to one Subordinate Voting Share. Assuming an Offering Price of C\$18.50 per Subordinate Voting Share, the midpoint of the offering price range and a currency exchange rate of \$1.00 equals C\$1.2392, upon completion of the Offering, 16,682,178 Subordinate Voting Shares and 79,740,978 Multiple Voting Shares will be issued and outstanding (18,465,978 Subordinate Voting Shares and 79,740,978 Multiple Voting Shares, if the Over-Allotment Option is exercised in full).
- Use of Proceeds:** It is estimated that the net proceeds to be received by the Company from the Offering will be approximately C\$201.5 million (after deducting the Underwriters' commission and expenses of the Offering). Assuming an Offering Price of C\$18.50 per



INITIAL PUBLIC OFFERING OF SUBORDINATE VOTING SHARES

Subordinate Voting Share, the midpoint of the offering price range, and a currency exchange rate of \$1.00 equals C\$1.2392, the Company intends to use the net proceeds from the Offering as follows: (i) approximately \$133.0 million to pay amounts due under the Principal Shareholder Notes; (ii) approximately \$21.8 million to settle certain equity participation arrangements with certain current and former employees; (iii) approximately \$7.9 million to pay taxes arising from the receipt of certain inter-corporate dividends; and (iv) the remainder for working capital and general corporate purposes. The net proceeds from any exercise of the Over-Allotment Option will be used by the Company to repay certain indebtedness owing under the Credit Facilities. Amounts owing under the Principal Shareholder Notes were originally incurred to fund a pre-Offering dividend to the Principal Shareholders.

Authorized Share Capital and Share Attributes:

Upon closing of the Offering, the Company's authorized share capital will consist of an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of preferred shares issuable in series. Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of Shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. Except as required by law, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of the Shareholders of the Company.

The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the multiple voting, pre-emptive, registration, nomination and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to 10 votes on all matters upon which such Shares are entitled to vote. Subject to the provisions of the Principal Shareholders Agreement, the Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares will benefit from "coattail" provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares.

Principal Shareholders:

Upon completion of the Offering, the Principal Shareholders will collectively indirectly hold 100% of the Company's issued and outstanding Multiple Voting Shares. After giving effect to the Offering, and assuming an Offering Price of C\$18.50 per Subordinate Voting Share, the midpoint of the offering price range, and assuming a currency exchange rate of \$1.00 equals C\$1.2392, the Principal Shareholders will indirectly hold approximately 82.7% of the Company's total issued and outstanding Shares and will indirectly hold approximately 98.0% of the voting power attached to all of the Shares (approximately 81.2% and 97.8%, respectively, if the Over-Allotment Option is exercised in full) and, as a result, will have a significant influence on the Company. All of the Multiple Voting Shares indirectly held after the Offering by the Principal Shareholders, together with any Subordinate Voting Shares held by the Company's Directors, executive officers and participants under the equity participation arrangements, will be subject to contractual lock-up agreements with the Underwriters.



INITIAL PUBLIC OFFERING OF SUBORDINATE VOTING SHARES

- Dividend Policy:** The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Shares. Any determination to pay dividends in the future will be at the discretion of the Company's Board and will depend on many factors, including the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant.
- Lock-up Agreements:** The Company, each security holder of the Company and each Director who holds Shares immediately prior to the closing of the Offering will be subject to a 180 day lock-up, subject to certain exceptions.
- Listing:** The Company has applied to have the Subordinate Voting Shares listed on the Toronto Stock Exchange (the "TSX"). Listing of the Subordinate Voting Shares on the TSX is subject to approval by the TSX of the Company's listing application and fulfillment by the Company of all the initial requirements and conditions of the TSX. The TSX has not conditionally approved the listing of the Subordinate Voting Shares and there is no assurance that the TSX will approve the Company's listing application.
- Eligibility for Investment:** Eligible for RRSPs, RESPs, RRIFs, RDSPs, TFSA's and DPSPs.
- Offering Type:** Initial public offering under a long-form base PREP prospectus filed in all provinces of Canada. Private placement in the U.S. to "qualified institutional buyers" pursuant to Rule 144A of the United States Securities Act of 1933.
- Bookrunners:** RBC Capital Markets and TD Securities Inc.
- Underwriting Fee:** 5.50%.
- Pricing Date:** Expected the week of July 20, 2015.
- Closing Date:** Expected the week of July 27, 2015.