

MDC PARTNERS INC  
Form DEF 14A  
April 27, 2012

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

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant:  x  
Filed by a Party other than the Registrant:  o  
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**MDC PARTNERS INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
  - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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## MDC PARTNERS INC.

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** an annual meeting (the **Meeting**) of the shareholders of MDC Partners Inc. (**MDC Partners**, **MDC** or the **Company**) will be held at The Plaza Hotel, 768 Fifth Avenue, New York, N.Y. on Tuesday, June 5, 2012 at 4:00 p.m. (New York City time) for the following purposes:

1. To receive the consolidated financial statements of MDC Partners for the fiscal year ended December 31, 2011, together with the report of the auditors thereon;
2. To elect seven (7) directors of MDC Partners;
3. To appoint auditors;
4. To hold a non-binding advisory vote to approve executive compensation; and
5. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Proxy Statement and Management Information Circular provides additional information to the matters to be dealt with at the Meeting and is deemed to form part of this notice. Attendance and voting are limited to shareholders of record at the close of business on April 12, 2012.

**Shareholders who are unable to attend the Meeting in person, are asked to complete, date and sign the enclosed form of proxy and to return it promptly in the envelope provided.**

Proxies to be used at the Meeting must be received by CIBC Mellon Trust Company, Attn: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or by fax to (416) 368-2502, not later than 4:30 p.m. (Eastern Daylight Time) on Friday, June 1, 2012 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting).

By Order of the Board of Directors

MITCHELL S. GENDEL,  
General Counsel and Corporate Secretary

Toronto, Ontario  
April 26, 2012

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**MDC PARTNERS INC.**

**PROXY STATEMENT AND  
MANAGEMENT INFORMATION CIRCULAR**

**Annual Meeting of Shareholders  
to be held on June 5, 2012**

**GENERAL PROXY INFORMATION**

**SOLICITATION OF PROXIES**

This Proxy Statement and Management Information Circular (the **Circular**) is furnished in connection with the solicitation of proxies by the management of MDC Partners Inc. ( **MDC Partners** or the **Company** ) for use at the annual meeting of shareholders of MDC Partners to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders, and any adjournments thereof. Such meeting is hereinafter referred to as the **Meeting**. The information contained in this Circular is given as of the date hereof, except as otherwise noted herein. The address of the principal executive office of MDC Partners is 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, and its registered address is 45 Hazelton Avenue, Toronto, Ontario M5R 2E3. This Circular, the accompanying notice and the enclosed form of proxy are expected to first be mailed to shareholders on or about Friday, April 27, 2012.

Management expects that proxies will be solicited primarily by mail. Employees of MDC Partners or persons retained by MDC Partners for that purpose may also solicit proxies personally or by telephone. If a holder holds his, her or its shares in the name of a bank, broker or other nominee, see **Beneficial Owners** below.

## **MANNER IN WHICH PROXIES WILL BE VOTED**

The shares represented by the accompanying form of proxy, if the same is properly executed in favor of Messrs. Nadal and Gendel, the management nominees, and received at the offices of CIBC Mellon Trust Company, Attn: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 (the **Transfer Agent**) not later than 4:30 p.m. (Eastern Daylight Time) on Friday, June 1, 2012 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting), will be voted or withheld from voting at the Meeting and, subject to Section 152 of the *Canada Business Corporations Act*, where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, to the extent permitted, such shares will be voted (i) FOR the election of all seven nominees for the Board of Directors of MDC Partners; (ii) FOR the appointment of BDO USA, LLP as auditors of MDC Partners and to authorize the directors to fix their remuneration; and (iii) FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Annual Meeting of

**Shareholders, and with respect to other matters which may properly come before the Meeting.** At the date hereof, management knows of no such amendments, variations or other matters.

At any meeting of shareholders (including the 2012 Annual Meeting of Shareholders), a quorum for the transaction of business will be not less than 33 1/3% of the shares entitled to vote at the meeting, represented either in person or by proxy. Only a shareholder of record at the close of business on April 12, 2012 (the **record date** ) will be entitled to vote, or grant proxies to vote, such Class A Subordinate Voting Shares ( **Class A Shares** ) or Class B Shares at the Meeting (subject, in the case of voting by proxy, to the timely deposit of his or her executed form of proxy as described herein).

All matters are ordinary resolutions which must be passed by at least a majority of the votes cast by shareholders present in person or represented by proxy who voted in respect of the ordinary resolution at the Meeting, except that the vote for the election of directors must be passed by a plurality of the votes cast. Broker non-votes are included in the calculation of the number of votes considered to be present at the Meeting for purposes of determining a quorum, but otherwise will not affect the voting outcome of the proposals. An automated system administered by the Transfer Agent tabulates the votes.

## ALTERNATE PROXY

**Each shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him or her and on his or her behalf at the Meeting.**

Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy and depositing the same with the Transfer Agent at the address and within the time specified under **Manner In Which Proxies Will Be Voted** above.

## REVOCABILITY OF PROXY

**A shareholder giving a proxy has the power to revoke it.** Such revocation may be made by the shareholder by duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or may be made by written instrument revoking such proxy executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited either at the corporate office of MDC Partners, 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, at any time up to and including 4:30 p.m. (Eastern Daylight Time) on the last business day preceding the date of the Meeting or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

## BENEFICIAL OWNERS

Most shareholders are beneficial owners who are non-registered shareholders. Their shares are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee who holds the shares on their behalf, or in the name of a clearing agency in which the intermediary is a participant (such as The Canadian Depository for Securities Limited). Intermediaries have obligations to forward meeting materials to the non-registered holders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

Only registered shareholders or their duly appointed proxyholders are permitted to vote at the Meeting. Non-registered holders should follow the directions of their intermediaries with respect to the procedures to be followed for voting. Generally, intermediaries will provide non-registered holders with either: (a) a voting instruction form for completion and execution by the non-registered holder, or (b) a proxy form, executed by the intermediary and restricted to the number of shares owned by the non-registered holder, but otherwise uncompleted. These are procedures to permit the non-registered holders to direct the voting of the shares that they beneficially own.

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If the non-registered holder wishes to attend and vote in person at the meeting, they must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary, and carefully follow the intermediary's instructions for return of the executed form or other method of response.

If the non-registered shareholder does not provide voting instructions to its intermediary, the shares will not be voted on any proposal on which the intermediary does not have discretionary authority to vote. Under current rules, certain intermediaries may not have discretionary authority to vote shares at the Meeting on the proposal relating to the election of directors or the advisory vote on executive compensation. We encourage all non-registered shareholders to provide instructions to the securities broker, financial institution, trustee, custodian or other nominee who holds the shares on their behalf by carefully following the instructions provided.

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## CURRENCY

Unless otherwise stated, all amounts reported in this Proxy Statement and Management Information Circular are in U.S. dollars. Canadian dollar amounts have been translated to U.S. dollars at the following rates:

	2010	2011	2012
As at December 31 <sup>st</sup>	1.0054	0.9833	
As at March 31 <sup>st</sup>	0.9497	1.0025	0.9975
Average for year ended December 31 <sup>st</sup>	0.9708	1.0109	

## AUTHORIZED CAPITAL AND VOTING SHARES

The authorized capital of MDC Partners consists of an unlimited number of Class A Subordinate Voting Shares (the **Class A Shares**); an unlimited number of Class B Shares (the **Class B Shares**) (the Class A Shares and the Class B Shares are herein referred to collectively as the **shares**); and an unlimited number of non-voting Preference Shares, issuable in series, in an unlimited number of which 5,000 Series 1 Preference Shares, 700,000 Series 2 Preference Shares and an unlimited number of Series 3 Preference Shares have been designated.

As at April 12, 2012, MDC Partners had outstanding 31,956,790 Class A Shares (including restricted stock awards), 2,503 Class B Shares, no Series 1 Preference Shares, no Series 2 Preference Shares and no Series 3 Preference Shares. The holders of the Class A Shares are entitled to one vote in respect of each Class A Share held in connection with each matter to be acted upon at the Meeting and the holders of the Class B Shares are entitled to twenty votes in respect of each Class B Share held in connection with each matter to be acted upon at the Meeting. Approximately 99.8% of the aggregate voting rights attached to the issued and outstanding shares of MDC Partners are represented by the Class A Shares.

The articles of MDC Partners contain provisions providing that, in the event an offer is made to purchase Class B Shares which must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class B Shares are listed, be made to all or substantially all of the Class B Shares, and which offer is not made on identical terms, as to price per share and percentage of outstanding shares, to purchase the Class A Shares, the holders of Class A Shares shall have the right to convert such shares into Class B Shares in certain specified instances.

To the knowledge of the directors and officers of MDC Partners, no person (or group of persons) beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of MDC Partners representing more than 5% of the voting rights attached to any class of voting securities of MDC Partners other than Miles S. Nadal (Chairman, CEO and President of MDC Partners). See Security Ownership of Management and Certain Beneficial Owners below for details of shares beneficially owned by these persons and entities.

## EXPENSES

MDC Partners will pay all of the expenses of soliciting proxies for management. In addition to the mailing of the proxy material, such solicitation may be made in person or by telephone by directors, officers and employees of MDC Partners, whose directors, officers and employees will receive no compensation for such solicitation other than their regular salaries or fees. MDC Partners has retained CIBC Mellon Trust Company (Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company) to aid in the solicitation of proxies. MDC Partners expects the additional expense of that assistance to be approximately \$15,000. MDC Partners also will make



arrangements with brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners. MDC Partners will, upon request, reimburse these institutions for their reasonable charges and expenses incurred in forwarding this proxy material to beneficial owners of shares.

# PARTICULARS OF MATTERS TO BE ACTED UPON

## ITEM 1 ELECTION OF DIRECTORS

Seven directors are to be elected to the Board of Directors (the Board) at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws of MDC Partners. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the accompanying proxy reserve the right to vote for another nominee in their discretion. **Unless otherwise instructed, the persons named in the accompanying proxy (provided the same is duly executed in their favor and is duly deposited) intend to vote FOR the election of the nominees whose names are set forth below.**

With the exception of Mr. Nadal and Mr. Pustil, the Board has determined that all of the nominees are independent under applicable Nasdaq rules and the Board's governance principles, and are independent under applicable Canadian laws within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices. In addition, pursuant to applicable requirements of the Canada Business Corporations Act (the CBCA), MDC Partners is required to have at least 25% resident Canadian directors. Messrs. Copeland, Kirby and Pustil are resident Canadians.

### Information Concerning Nominees for Election as Directors

MDC Partners believes that each nominee for election as director possesses the personal and professional qualifications necessary to serve as a member of the Board, including the particular experience, talent, expertise and background set forth below. The following information relating to the nominees as directors, including their principal occupations and positions for the past five years and in certain cases prior years, is based partly on MDC Partners records and partly on information received by MDC Partners from such persons and is given as of April 12, 2012:

*Miles S. Nadal*, age 54, is the Chairman, Chief Executive Officer, President and founder of MDC Partners. Mr. Nadal has been a Director and Chief Executive Officer of MDC since 1986, and President of MDC since 2007. Mr. Nadal has been involved in a number of additional businesses, including as a founder of First Asset Management Inc., one of Canada's largest independent asset management firms with more than \$35 billion under management. The firm was sold to a large money management firm in late 2005. Mr. Nadal is also the founder and a partner of Peerage Realty Partners and Artemis Investment Management. Mr. Nadal was also a former director of First Knowledge Partners, an entity which filed a voluntary bankruptcy petition with the Bankruptcy Court in Delaware in September 2002.

Mr. Nadal is active in supporting various business and community organizations. He provided the keystone gift for the rebuilding of the Bloor Jewish Community Centre (now the Miles S. Nadal Jewish Community Centre), and served on the boards of Mount Sinai and Baycrest. He was a keystone contributor to the revitalization of Ayolon/Canada Park (Canada-Israel Park), which has been named The Miles S. Nadal & Family Environmental Community. Through his involvement with Junior Achievement of Canada and the Schulich School of Business, Mr. Nadal has provided a number of high school and university scholarships for students striving to become entrepreneurs of the future.

Under Mr. Nadal's leadership, MDC Partners has grown into one of the world's largest marketing communications networks whose over 35 holdings include Crispin Porter + Bogusky, kirshenbaum bond senecal + partners, Anomaly, Bruce Mau Design, henderson bas, Redscout, Attention, Sloane & Company, Colle + McVoy, Concentric, Laird, TEAM, HL Group, Relevent, Kwittken, 72 and Sunny, Kenna, Capital C, Doner, TargetCast, Hello Design, mono and Vitro. Mr. Nadal's thorough knowledge of MDC Partners' business and affairs makes him particularly qualified to be

Chairman of the Board. Mr. Nadal is a resident of Nassau, Bahamas, and beneficially owns 4,219,920 Class A Shares of MDC.

**Robert J. Kamerschen**, age 76, is a private investor and senior advisor and consultant. Mr. Kamerschen was the Chairman of Survey Sampling Inc., a private company which provides internet and telephone survey sampling to marketing research companies, from June 2005 until his retirement in 2009. He is the Retired Chairman and Chief Executive Officer of ADVO, Inc., a NYSE-listed direct mail microtargeting service company, which he led from 1988 until his retirement in 1999. During the past five years, Mr. Kamerschen

has served as a director at R.H. Donnelley Corporation, Linens n Things, Vertrue, Inc. IMS Health Inc., and Radio Shack Corporation. Mr. Kamerschen brings extensive management and corporate governance experience to the Board through his service in senior leadership positions in a number of public and private companies in diverse industry categories. Mr. Kamerschen has been a Director of MDC since July 28, 2004. He is currently Chairman of the Nominating & Corporate Governance Committee and a member of the Human Resources & Compensation Committee. Mr. Kamerschen is a resident of New Canaan, Connecticut, and beneficially owns 321,761 Class A Shares of MDC and 14,734 restricted Class A Shares of MDC.

**Clare R. Copeland**, age 76, is Chief Executive Officer of Falls Management Company, a commercial development and casino operator in Niagara Falls, Ontario, a position he has held since November 2004. Previously, Mr. Copeland was Chairman and Chief Executive Officer of OSF Inc., a manufacturer of retail store interiors and Chief Executive Officer of People's Jewelers Corporation, a jewelry retailer. He is also Chairman of Toronto Hydro. In addition, Mr. Copeland is a trustee of RioCan Real Estate Investment Trust, Chesswood Income Fund and Telesat, and is a member of the board of directors of Danier Leather Inc. and Entertainment One Ltd. Mr. Copeland brings extensive experience in management and oversight to the Board. Mr. Copeland has been a member of the MDC Partners Board of Directors since June 30, 2007. He is currently Chairman of the Human Resources & Compensation Committee and a member of the Audit Committee. Mr. Copeland resides in Toronto, Ontario, and beneficially owns 16,148 Class A Shares of MDC.

**Thomas N. Davidson**, age 72, has been Chairman of NuTech Precision Metals, Inc., a specialty metals processing company, since 1987, and Chairman of Quarry Hill Group, a private investment holding company, since 1989. During the past five years, Mr. Davidson has served as a director of TLC Vision Corp, Occulogix, Inc. (known as TearLab) and Azure Dynamics Corporation. Mr. Davidson also serves on several charity and civic group boards. Mr. Davidson brings extensive leadership experience to the Board. Mr. Davidson has been a Director of MDC since June 21, 1988. He is currently a member of the Audit Committee, the Human Resources & Compensation Committee and the Nominating & Corporate Governance Committee. Mr. Davidson is a resident of Key Largo, Florida, and beneficially owns 208,684 Class A Shares of MDC and 14,734 restricted Class A Shares of MDC.

**Scott L. Kauffman**, age 56, is the Chairman of several venture-backed Internet companies, including Lela.com, Lotame, Ology.com and Tune-Up Media. He is also a member of the board of directors of LookSmart and Vindicia. From January 2009 to August 2010, Mr. Kauffman was President and Chief Executive Officer, and a member of the board, of GeekNet, Inc., a publicly-traded open source software application developer and e-commerce website operator. From May 2008 to December 2008, Mr. Kauffman was President and CEO, and a member of the board, of PopTok Ltd., a start-up that facilitates the personalizing and digitizing of TV, movie, and music video content for use in everyday conversations. From September 2006 until its acquisition by Yahoo! in October 2007, Mr. Kauffman was President and Chief Operating Officer, and a member of the board, of BlueLithium, Inc., an Internet advertising network and performance marketing company. Prior to joining BlueLithium, Mr. Kauffman was President and CEO, and a member of the board, of Zinio Systems, Inc., a provider of digital magazine services, from July 2004 until August 2006. From February 2003 to June 2004, he was President and CEO, and a member of the board, of MusicNow LLC, a digital music service. From April 2001 to February 2003 he was President and CEO of Coremetrics Inc., a web services provider of marketing analytics solutions, where he continued to serve as a member of the board until the company was acquired by IBM in July 2010. Mr. Kauffman has served in senior and executive management capacities with other digital entertainment, consumer marketing, media and technology companies, including CompuServe and Time Warner. Mr. Kauffman holds an AB in English from Vassar College and an MBA in marketing from New York University. In 1996, Advertising Age named him one of twenty digital media masters, and in 1992, Advertising Age named him one of the top 100 marketers in the country. Mr. Kauffman brings extensive relevant industry experience to the Board. Mr. Kauffman was appointed as a Director of MDC Partners on April 28, 2006. He currently serves as MDC's Presiding Director and as a member of the Human Resources & Compensation Committee and the Nominating & Corporate Governance Committee. Mr. Kauffman is a resident of Palo Alto,

California and beneficially owns 21,000 Class A Shares of MDC and 14,734 restricted Class A Shares of MDC.

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**Michael J.L. Kirby**, age 70, was a member of the Senate of Canada from 1984 until his retirement in October 2006. From 1994 to 1999, he served as Chairman of the Standing Senate Committee on Banking, Trade and Commerce. Sen. Kirby currently serves as a director of Extencicare Inc., Just Energy Income Fund, and Indigo Books & Music Inc. He has also been Vice Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants. He has previously been a director of The Bank of Nova Scotia, Brainhunter Inc., ImmunoVaccine Technologies, Inc., Maxxcom, Inc., Quaker Oats (Canada), Onex Packaging, Westbury Canadian Life, Cotton Ginny, RJR-Macdonald Inc., a member of the Advisory Board of AT&T Enterprises (Canada), Nissan (Canada), and other private companies. Sen. Kirby holds a PhD in applied mathematics and has taught in several graduate business programs. With his distinguished background, Sen. Kirby brings exceptional leadership, experience and expertise to the Board. Sen. Kirby has been a Director of MDC since April 22, 2004. He is currently Chairman of the Audit Committee and a member of the Human Resources & Compensation Committee and the Nominating & Corporate Governance Committee. Sen. Kirby is a resident of Ottawa, Ontario, and beneficially owns 25,381 Class A Shares of MDC.

**Stephen M. Pustil**, age 68, is Vice Chairman of MDC Partners, a position he has held since 1992. He is also President of Peerage Realty Partners and Chairman of Artemis Investment Management. Mr. Pustil is a chartered accountant and serves on the Board of Mount Sinai Hospital. Mr. Pustil brings investment experience to the Board. Mr. Pustil has been a Director of MDC since April 9, 1992. Mr. Pustil is a resident of Toronto, Ontario, and beneficially owns 186,814 Class A Shares of MDC.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY  
RECOMMENDS  
A VOTE FOR ELECTION OF THE PROPOSED  
DIRECTORS.**

## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of the Class A Shares and the Class B Shares of MDC outstanding as of April 12, 2012 by each beneficial owner of more than five percent of such shares, by each of the directors of MDC and the current nominees for Board election, by each of the executives named in the Summary Compensation Table below and by all current directors and executive officers of MDC as a group.

Name	Type of Shareholding	Number of Voting Shares Beneficially Owned, or Over Which Control or Direction is Exercised <sup>(1)</sup>			Approximate Percentage of Class <sup>(5)</sup>			
		Class A Shares <sup>(2)</sup>	Class A Subordinate Voting Shares <sup>(2)</sup>	Class A Shares Underlying Options, Warrants or Similar Right Exercisable Currently or Within 60 Days <sup>(3)</sup>	Class A Shares Underlying All Options, Warrants or Similar Right <sup>(4)</sup>	Class B Shares	Class A Shares	Class B Shares
Miles S. Nadal	Direct	4,219,920 <sup>(6)</sup>		1,771,290 <sup>(7)</sup>			13.2 %	
Clare Copeland	Direct	16,148		20,000	39,734 <sup>(7)</sup>		*	
Thomas N. Davidson	Direct	173,418 <sup>(8)</sup>		25,000	25,000		*	
	Indirect	50,000						
Robert J. Kamerschen	Direct	336,495 <sup>(8)</sup>					*	
Scott L. Kauffman	Direct	35,734 <sup>(8)</sup>		25,000	25,000		*	
Michael J.L. Kirby	Direct	25,000			14,734 <sup>(7)</sup>		*	
	Indirect	381						
Stephen M. Pustil	Direct	186,814		1,905	86,136 <sup>(7)</sup>		*	
David B. Doft	Direct	99,815 <sup>(8)</sup>			45,000		*	
	Indirect	1,000						
Gavin Swartzman	Direct	76,559			80,386 <sup>(7)</sup>			
Michael Sabatino	Direct	131,536 <sup>(8)</sup>			45,000		*	
Mitchell Gendel	Direct	106,366 <sup>(8)</sup>			45,000		*	
All directors and officers of MDC as a group 12 persons		5,490,381	71,905	2,177,280			17.1 %	
FMR LLC <sup>(9)</sup>		3,281,519					10.3	

\* The percentage of shares beneficially owned does not exceed one percent of the outstanding shares.

(1) Unless otherwise noted, MDC Partners believes that all persons named in the table above have sole voting power and dispositive power with respect to all shares beneficially owned by them.

(2) This column includes Class A Shares owned directly or indirectly, but does not include Class A Shares subject to options, warrants or similar rights.

(3)

This column includes Class A Shares subject to options, warrants or similar rights that are currently exercisable or will become exercisable within 60 days after April 12, 2012.

This column includes Class A Shares subject to all outstanding options, warrants or similar rights (including EVARs), whether or not such options, warrants or similar rights are currently exercisable or will become exercisable within 60 days after April 12, 2012. However, this column does not include SARs, which do not represent the right to acquire shares because they may be settled, at the Board's discretion, in either cash or Class A Shares.

For purposes of computing the percentage of outstanding shares held by each person or group named above, any shares which that person or persons has or have the right to acquire within 60 days of April 12, 2012, is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Of this amount, 3,926,287 shares have been pledged as collateral for margin accounts maintained at Comerica Securities Inc., RBC Dominion Securities Inc. and CIBC Wood Gundy, a division of CIBC World Markets Inc.

(7) Includes restricted stock units that have not yet vested.

(8) Includes shares of restricted stock that have not yet vested.

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Stock ownership of these entities is based solely on a Schedule 13G or 13G/A filed by each such entity. The (9) address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109, and its most recent Schedule 13G/A was filed on February 13, 2012.

## Information about the Board and Corporate Governance

The Board oversees the management of the business and affairs of MDC Partners as provided by Canadian law. The Board conducts its business through meetings of the Board and three standing committees: the Audit Committee, the Human Resources & Compensation Committee and the Nominating and Corporate Governance Committee. In August 2006, the Board formed a Special Committee of two independent directors for the purpose of conducting an internal review of the Company's historical option grant process. Upon completion of the Special Committee's review the Special Committee was disbanded and the Board formed an Oversight Committee of independent directors for the purpose of overseeing the implementation of the Special Committee's recommendations. The Oversight Committee has also been disbanded following the successful implementation of these recommendations.

The Board has established guidelines for determining director independence, and all current directors, with the exception of Messrs. Nadal and Pustil, have been determined by the Board to be independent under applicable Nasdaq rules and the Board's governance principles, and are independent under applicable Canadian laws within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices.

MDC Partners has also adopted a written **Code of Conduct** in order to help directors, officers and employees resolve ethical issues in an increasingly complex business environment. The Code applies to all directors, officers and employees, including the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Accounting Officer, the General Counsel and any other employee with any responsibility for the preparation and filing of documents with the Securities and Exchange Commission. The Code covers topics including, but not limited to, conflicts of interest, confidentiality of information and compliance with laws. In addition, the Board of MDC Partners adopted a set of **Corporate Governance Guidelines** as a framework within which the Board and its committees conduct business.

The Company's Corporate Governance Guidelines contain a majority vote provision, which requires a director nominee who receives, in an uncontested election, a number of votes withheld that is greater than the number of votes cast for his or her election to offer to resign from the Board, with such resignation to become effective if the Board does not reject it within 60 days after the date of the election.

Copies of the charters of the Audit Committee, the Human Resources & Compensation Committee and the Nominating and Corporate Governance Committee, as well the Code of Conduct and Corporate Governance Guidelines, are available free of charge at MDC Partners' website located at [http://www.mdc-partners.com/#/corporate\\_info/](http://www.mdc-partners.com/#/corporate_info/). Copies of these documents are also available in print to any shareholder upon written request to 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151, Attention: Investor Relations.

## Meetings

The Board held eight (8) meetings in 2011. All current members of the Board attended each of these Board meetings in 2011.

The various Board committees met the number of times shown in parentheses: Audit Committee (5); Human Resources & Compensation Committee (7); and Nominating & Corporate Governance Committee (2). Each incumbent director attended all meetings of all Board committees on which they served during such period. MDC has a formal policy regarding attendance by directors at its annual general meetings of shareholders which states that all directors are expected to attend, provided that a director who is unable to attend such a meeting is expected to notify the Chairman of the Board in advance of any such meeting. All of the members of the Board attended the 2011 annual meeting of shareholders.

## Committees of the Board

The Board currently has three committees: the Audit Committee, the Human Resources & Compensation Committee and the Nominating & Corporate Governance Committee. The terms of reference and mandate for each committee of the Board are summarized below.

### Audit Committee

The Audit Committee is composed of three members, all of whom are considered to be unrelated as determined under the TSX Guidelines and independent according to the applicable rules of Nasdaq, the Securities and Exchange Commission and applicable Canadian securities regulatory authorities. The Audit Committee reviews all financial statements, annual and interim, intended for circulation to shareholders and reports upon these to the Board. In addition, the Board may refer to the Audit Committee on matters and questions relating to the financial position of MDC Partners and its affiliates. The Audit Committee is also responsible for overseeing and reviewing with management and the independent auditor the adequacy and effectiveness of the Company's accounting and internal control policies and procedures; reviewing with management its compliance with prescribed policies, procedures and internal controls; and reviewing with management and the independent auditor any reportable conditions affecting internal controls, as more fully disclosed in Item 9A (Controls and Procedures) of the Company's Annual Report on Form 10-K for the year ended December 31, 2011. While the Audit Committee has the duties and responsibilities set forth above, the Audit Committee is not responsible for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management has the responsibility for preparing the financial statements and implementing internal controls and the independent auditor has the responsibility of auditing the financial statements.

The current members of the Audit Committee are: Michael J.L. Kirby (Chairman), Thomas N. Davidson and Clare Copeland. The Board has determined that Mr. Kirby qualifies as an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and applicable Nasdaq and Securities and Exchange Commission regulations. In addition, each of the members of the Audit Committee is financially literate as required by the Canadian Securities Administrators. The Audit Committee's current charter is appended hereto as Exhibit A.

### Nominating & Corporate Governance Committee

The Nominating & Corporate Governance Committee is composed of four members, all of whom are considered to be unrelated as determined under the TSX Guidelines and independent according to the applicable rules of Nasdaq and the Securities and Exchange Commission. The Nominating & Corporate Governance Committee is responsible for

reviewing and making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board. The Nominating & Corporate Governance Committee is also responsible for evaluating the performance of the Board as a whole and for reporting to the Board with respect to appropriate candidates for nominations to the Board. The current members of the Nominating & Corporate Governance Committee are: Robert J. Kamerschen (Chairman), Thomas N. Davidson, Scott L. Kauffman and Michael J.L. Kirby. The Committee's current charter is available at [http://www.mdc-partners.com/#/corporate\\_info/committees](http://www.mdc-partners.com/#/corporate_info/committees). The Company will disclose any amendments to, or waivers of, the charter on its website at [www.mdc-partners.com](http://www.mdc-partners.com) in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

## Human Resources & Compensation Committee

The Human Resources & Compensation Committee (the Compensation Committee) is composed of four members, all of whom are considered to be unrelated as determined under the TSX Guidelines, independent according to the applicable rules of Nasdaq and the Securities and Exchange Commission and an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. The Compensation Committee makes recommendations to the

Board on, among other things, the compensation of senior executives. The Compensation Committee discusses personnel and human resources matters including recruitment and development, management succession and benefits plans and grants awards under the EVARs Program, the SARs Plan, the 2011 Stock Incentive Plan and the 2008 Key Partners Incentive Plan (each as defined below). Salary, bonus or other payments for the benefit of senior management are reviewed and approved by the Compensation Committee. In 2005-2007, and in 2010-2011, the Compensation

Committee engaged Mercer Human Resource Consulting LLC to review and evaluate the Company's executive compensation levels, and to make recommendations for compensation of the Company's executive officers based on comparable industry levels, which recommendations have been implemented by the Compensation Committee. The current members of the Human Resources & Compensation Committee are: Clare Copeland (Chairman), Thomas N.

Davidson, Robert J. Kamerschen, Scott L. Kauffman, and Michael J.L. Kirby. The Human Resources & Compensation Committee's current charter is available at [http://www.mdc-partners.com/#/corporate\\_info/committees](http://www.mdc-partners.com/#/corporate_info/committees). The Company will disclose any amendments to, or waivers of, the charter on its website at [www.mdc-partners.com](http://www.mdc-partners.com) in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

## Board Leadership, Executive Sessions and Communications with the Board

Presently, Mr. Nadal, our Chief Executive Officer and President, is also the Chairman of the Board. The Board does not require the separation of the offices of Chairman of the Board and Chief Executive Officer or President. All of the

Company's directors, whether members of management or not, have a fiduciary duty to exercise their business judgment in the best interests of the Company. The Board believes separating the roles of Chairman of the Board and Chief Executive Officer or President would not diminish or augment these fiduciary duties. The Board deliberates and decides, each time it selects a Chairman of the Board, whether the roles should be combined or separate, based upon the then current needs of the Company and the Board. The Board believes that the Company is currently best served by having Mr. Nadal hold each of these positions, and by having a separate independent director serve as Presiding Director.

Non-employee directors frequently meet in executive sessions without management in conjunction with each regularly scheduled Board meeting. The Company's Presiding Director has the primary responsibility to preside over these sessions of the Board. The current non-executive Presiding Director is Scott L. Kauffman. Additional information about the role of the Presiding Director is set forth in the Company's Corporate Governance Guidelines, which is available free of charge at MDC Partners' website at [http://www.mdc-partners.com/#/corporate\\_info/governance](http://www.mdc-partners.com/#/corporate_info/governance).

Shareholders or others who wish to communicate with the non-executive Presiding Director or any other member of the Board may do so by mail or courier, to MDC Partners Inc., c/o David B. Doft, Chief Financial Officer, 745 Fifth Avenue, 19<sup>th</sup> Floor, New York, NY 10151. To facilitate a response, in appropriate circumstances, shareholders are asked to provide the following information: (i) their name; (ii) an address, telephone number, fax number and e-mail address at which they can be reached; and (iii) the number of shares or aggregate principal amount of debt that they hold, and the date those securities were acquired.

## Director Nominations

The Nominating and Corporate Governance Committee identifies, selects and recommends to the Board individuals qualified to serve both on the Board and on Board committees, including persons suggested by shareholders and others. In identifying candidates for nominations to the Board, the Nominating and Corporate Governance Committee seeks to maintain at all times a Board with a diverse range of experience, talent, expertise and background appropriate for the business of the Company. The Nominating and Corporate Governance Committee does not require any specific minimum qualifications or specific qualities or skills, but reviews each person's qualifications on the whole, including a candidate's particular experience, skills,

expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Nominating and Corporate Governance Committee considers appropriate in the context of the needs of the Board. Following that review, the Nominating and Corporate Governance Committee then selects nominees and recommends them to the Board for election by the shareholders or appointment by the Board, as the case may be. The Nominating and Corporate Governance Committee also reviews the suitability of each Board member for continued service as a director when that member's term expires or that member experiences a significant change in status (for example, a change in employment). The Nominating and Corporate Governance Committee has not implemented any particular additional policies or procedures with respect to suggestions received from shareholders with respect to Board or committee nominees.

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

## Compensation of Directors

MDC pays its directors who are not employees of MDC or any of its subsidiaries a \$30,000 annual retainer. MDC also pays a fee of \$2,000 for attendance at any Board or Committee meeting. Fees for director attendance at meetings are limited to two meetings per day. MDC pays an additional retainer for certain positions held by a director: \$75,000 for the Presiding Director, \$20,000 for the Audit Committee Chair, \$5,000 for the Audit Committee financial expert, and \$15,000 for other Committee Chairs. In respect of services rendered during the year ended December 31, 2011, MDC paid to such directors, in their capacity as directors, aggregate fees equal to \$424,000 in 2011.

Employee directors are not entitled to any compensation in connection with their services on the Board. Neither Mr. Nadal nor Mr. Pustil (each of whom are also executive officers of the Company) is paid any fee in their respective capacity as a director of the Company.

Upon appointment to the Board of Directors, each non-employee director receives a grant of 25,000 stock options to acquire Class A Shares. Each year, the Compensation Committee considers an equity award grant to the non-employee directors of the Company. On March 7, 2011, each independent director received a grant of 4,132 restricted shares or restricted stock units under the 2005 Stock Incentive Plan. On February 14, 2012, each non-employee director received a grant of 6,536 restricted shares or restricted stock units under the 2011 Stock Incentive Plan.

The following table sets forth the compensation paid to or earned during fiscal year 2011 by our non-management directors:

## DIRECTOR COMPENSATION FOR FISCAL YEAR 2011

Name	Fees				All Other Compensation (\$)	Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)			
Clare Copeland	78,000	77,020	(1) (2)	N/A	155,020	
Thomas Davidson	58,000	77,020	(1) (2)	N/A	135,020	
Robert Kamerschen	135,000	77,020	(1) (2)	N/A	212,020	
Scott Kauffman	75,000	77,020	(1) (2)	N/A	152,020	
Michael Kirby	78,000	77,020	(1) (2)	N/A	155,020	
Stephen Pustil <sup>(3)</sup>		1,022,162	(1) (2)	520,781	(3) 1,542,943	

Reflects the aggregate grant date fair value as computed in accordance with FASB Topic 718, excluding the effect of estimated forfeitures during the applicable vesting period. For a discussion of the assumptions relating to these valuations, please see Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Stock-Based Compensation set forth in our annual report

(1) on Form 10-K for the year ended December 31, 2011 (the 2011 10-K ). On March 7, 2011, each independent director received a grant of 4,132 restricted shares or restricted stock units under the 2005 Stock Incentive Plan. Each of the following non-employee directors held the following number of shares of restricted stock or RSUs as of December 31, 2011, respectively: Mr. Copeland 8,198; Mr. Davidson 8,198; Mr. Kamerschen 8,198; Mr. Kauffman 8,198; and Mr. Kirby 8,198.

(2) During 2011, the Company did not grant any option awards to non-employee directors. The aggregate number of outstanding options held by non-employee directors as of December 31, 2011 is 75,000. Each of the following non-employee directors held the following number of options as of December 31, 2011, respectively: Mr. Copeland 25,000; Mr. Davidson 25,000; and Mr. Kauffman 25,000.

(3) In 2011, Mr. Pustil was paid Cdn \$387,500 in his capacity as an officer (Vice Chairman) of the Company, plus a bonus of Cdn \$105,000, a perquisite allowance equal to Cdn \$30,000 and insurance benefits equal to Cdn \$3,915. As of December 31, 2011, Mr. Pustil had 1,905 options outstanding. In January 2011, Mr. Pustil was awarded 5,000 RSUs and 45,000 EVARs, which had grant date fair values (as determined in accordance with FASB Topic 718) equal to \$85,750 and \$421,650, respectively. In addition, in March 2011, as part of his 2010 annual incentive award, Mr. Pustil was awarded 27,616 RSUs, with a grant date fair value (as determined in accordance with FASB Topic 718) equal to \$514,762. Effective April 1, 2011, Mr. Pustil's base salary was increased again to Cdn \$400,000 per year. On February 14, 2012, as part of his 2011 annual incentive award, Mr. Pustil was awarded 20,423 RSUs with a grant date fair value (as determined in accordance with FASB Topic 718) equal to \$266,520.

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## COMPENSATION DISCUSSION AND ANALYSIS

*This discussion and analysis of our compensation program for named executive officers should be read in conjunction with the accompanying tables below and text disclosing the compensation awarded to, earned by or paid to the named executive officers.*

The discussion and analysis in this Compensation Discussion and Analysis or CD&A focuses on our chief executive officer and other named executive officers who are listed in the Summary Compensation Table and other compensation tables in this Proxy Statement. Throughout this discussion, we refer to these individuals as our named executive officers or NEOs.

The Human Resources & Compensation Committee of the Board (the **Compensation Committee**) is composed of the five independent, non-employee directors. The Compensation Committee oversees the Company's executive compensation and benefit plans and practices, including its incentive compensation and equity-based plans, and reviews and approves the Company's management succession plans. Specifically, the Compensation Committee determines the salaries and the performance measures and awards under the annual bonus incentive program for the Chief Executive Officer and other named executive officers. The Compensation Committee also determines the amount and form of long-term incentive awards, which typically take the form of equity incentive grants, including shares of restricted stock or restricted stock units under the 2011 Stock Incentive Plan and 2008 Key Partner Incentive Plan, and stock appreciation rights (SARs) under the SARs Plan. In addition, in 2011, the Committee established the Extraordinary Equity Value Appreciation Restricted Stock Award (EVARs) program under the 2005 Stock Incentive Plan.

In 2010-2011, the Compensation Committee retained Mercer Human Resource Consulting (**Mercer**), a compensation consulting firm, to provide objective analysis, advice and information to the Compensation Committee, including competitive market data and recommendations related to CEO and other named executive officer compensation. Mercer reports to the Compensation Committee Chairman and has direct access to Compensation Committee members. Mercer has attended Compensation Committee meetings on request and has also met with the Compensation Committee in person or by telephone in executive session without management present. In particular, the Compensation Committee worked with Mercer to structure performance-based annual and long-term incentive programs designed to retain the Company's executive management team and to motivate them to achieve goals that increase shareholder value. The Compensation Committee sought to ensure that its incentive plans properly align management incentive compensation targets with the performance targets relevant to shareholders. The Compensation Committee also considered recent trends in executive compensation. The decisions made by the Committee are the responsibility of the Compensation Committee and may reflect factors and considerations other than the information and recommendations provided by any consultant.

### Overview of Our Compensation Program for Named Executive Officers

The Company uses a mix of short- and long-term and fixed and variable elements in compensating the NEOs: base salary; discretionary annual cash bonus incentives; discretionary incentives in the form of restricted stock and restricted stock units granted pursuant to the 2011 Stock Incentive Plan, SARs granted under the SARs Plan and, commencing in 2011 only, EVARs granted under the EVARs program.

To that end, in 2011, the Compensation Committee reaffirmed its compensation strategy to:



Appropriately link compensation levels with the creation of stockholder value by:

Focusing our executives on achieving those key objectives critical to successfully implementing the Company's business strategy and achieving annual and long-term financial performance goals;

Holding executives directly accountable for results by making a significant portion of compensation subject to the Compensation Committee's discretion based on achievement of corporate and individual performance objectives and creation of shareholder value; and

Aligning the interests of our executives with the interests of our shareholders.

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Provide total compensation capable of attracting, motivating and retaining executives of outstanding talent;  
Emphasize pay tied to performance as a meaningful component of total compensation potential;  
Impose appropriate clawback or repayment requirements for cash incentive awards in the event of resignation of employment or termination for cause; and  
Safeguard the Company's business interests, including protection from adverse activities by the executive during and after employment.

The Compensation Committee has reviewed its compensation philosophy and objectives in light of the current economic environment and believes its compensation strategy remains appropriate. To accomplish these objectives, the Compensation Committee has determined that the levels of compensation available to NEOs who successfully enhance corporate and shareholder value should be competitive with the compensation offered by other organizations that potentially compete for their services. This is critical to our ability to recruit and retain executives who have demonstrated the qualities of leadership, a sharing of our values, and the energy and vision to guide the Company. In addition, the Compensation Committee has structured the NEO's compensation to tie a significant portion of their compensation to achievement of individual performance objectives, as communicated in advance by the Compensation Committee and subject to the ultimate discretion of the Compensation Committee. This pay-for-performance approach to compensation applies throughout the organization, including for executives below the NEO level and for employees and management team members at the Company's operating partners. The Compensation Committee has also reviewed with management the design and operation of the Company's performance goals and metrics used in connection with incentive awards and determined that, although these policies in some instances may encourage risk-taking, (i) these policies do not provide the Company's executive officers or other employees with incentive to engage in risk-taking business activities or other behavior that are reasonably likely to have a material adverse effect on the Company and (ii) the level of risk-taking that the Company's performance goals and metrics may incentivize is reasonable and appropriate for the business of the Company. As discussed below in greater detail, the principal measures of our business performance to which named executive officer compensation is tied to are adjusted EBITDA (as defined below), organic revenue growth and, in the case of equity incentive awards, the value returned to shareholders as measured by potential stock price appreciation.

As used in this Proxy Statement, the following terms have the following definitions:

adjusted EBITDA is a non-GAAP measure that represents operating income (loss) plus depreciation and amortization, stock-based compensation, acquisition deal costs, deferred acquisition consideration adjustments, and profit distributions from affiliates, adjusted for certain items at the discretion of the Compensation Committee. A reconciliation of EBITDA to the US GAAP reported results of operations for the period ended December 31, 2011 has been provided by the Company in the tables included in the Company's Current Report on Form 8-K filed on February 27, 2012.

organic revenue growth is a non-GAAP measure that refers to growth in revenues (as compared to prior year) from sources other than acquisitions or foreign exchange impacts.

## **Results of 2011 Say-on-Pay Vote**

In 2011, we held a non-binding shareholder advisory vote on executive compensation. The Committee has considered, and will continue to consider, the results of this vote each year when making compensation decisions for our named executive officers. Given the strong support our shareholders expressed for the compensation of our named executive officers as evidenced by the approval of approximately 86% of the shareholders who voted on the say-on-pay proposal, the Committee did not make any material changes to the Company's compensation program as a result of the favorable say-on-pay vote in 2011.



## Elements of Our Compensation Arrangements for Named Executive Officers

The following table details the elements of our compensation program which are designed to achieve our compensation objectives for the named executive officers:

Compensation Program Elements	Description	How This Element Promotes Company Objectives
Base Salary	Fixed annual compensation that provides ongoing income.	Intended to be competitive with marketplace and reflect the executive's minimum relative value to the Company.
Annual, Short-Term Cash Incentive Awards; Repayment Requirements	Opportunity to earn performance-based compensation if the Company achieves financial performance goals, and if the executive achieves individual key performance indicators (KPIs). For 2011, the financial performance goals were based primarily on the Company's adjusted EBITDA and organic revenue growth. In 2011, approximately 50% of the annual incentive awards for the NEOs other than the CEO were paid in the form of restricted stock or RSUs, as noted below. In July 2011, the Company also required all executive officers (including the NEOs) to agree in writing to repay the Company a portion of their respective cash incentive payment if he/she resigned his/her employment or was terminated for cause prior to July 31, 2014.	Motivates and rewards achievement of annual corporate and personal objectives that build shareholder value. Repayment or clawback requirements encourage executive retention.
Full-Value Equity Incentive Awards (RSUs or Restricted Stock)	Opportunity to earn equity incentive awards based upon three-year vesting terms and/or achievement of financial performance of the Company. In 2011, approximately 50% of the annual incentive awards payable to named executive officers (other than the CEO) were paid in the form of restricted stock and RSUs. The CEO received 100% of his 2012 LTIP in the form of RSUs.	Promotes achievement of key multi-year corporate objectives and retention; the vesting requirements of these incentive awards are designed to motivate executives to achieve goals that align the executive's interests with shareholders. Long-term vesting promotes executive retention.

Compensation Program Elements	Description	How This Element Promotes Company Objectives
Stock Options/Stock Appreciation Rights	<p>Stock options represent the right to acquire shares of the Company's Class A stock, based on an exercise price determined on the date of grant. An award of SARs represents the right to receive cash or shares of the Company based upon the appreciation of the fair market value of the stock price following the date of grant.</p>	<p>More highly leveraged risk and reward alignment with shareholder value; service-based vesting promotes executive's retention.</p>
EVARS (agreements to issue equity awards conditioned upon extraordinary equity value appreciation of Class A shares)	<p>In January 2011, the Company issued EVARS to the Company's senior executives, with grant and vesting terms of the underlying equity awards conditioned upon extraordinary equity value appreciation in excess of \$20 per Class A share (and \$26.25 per Class A share for 100% vesting).</p>	<p>Grant and vesting requirements of these incentive awards are designed to motivate executives to achieve stretch goals that align the executive's interests with shareholders, based on extraordinary stock price appreciation. Performance-based vesting also promotes executive retention.</p>
Severance Payments and Benefits, Including after a Change in Control	<p>Payments and benefits upon termination of an executive's employment in specified circumstances.</p>	<p>Intended to provide assurance of financial security to attract lateral hires and to retain executives, especially in disruptive circumstances, such as a change in control and leadership transitions; encourage management to consider transactions that could benefit shareholders.</p>
Benefits	<p>Health and welfare benefits.</p>	<p>Fair and competitive programs to provide family health care protection, facilitate recruitment and retention.</p>
Perquisites	<p>Limited personal benefits provided as an element of compensation, including a fixed perquisite allowance to named executive officers.</p>	<p>Fair and competitive programs to facilitate recruitment and retention.</p>

In setting policies and administering the compensation of named executive officers, the Compensation Committee reviews and takes into account all elements of total compensation, benefits and perquisites. The Compensation Committee reviews reports and analyses of executive compensation in consultation with its outside advisers, including current practices and trends among peer companies and the advertising and marketing services industry.

Other policies and practices that contribute to achieving the objectives of our compensation program include:

***Role of Named Executive Officers in Compensation Decisions: Input from Senior Management.*** The Compensation Committee considers input from senior management in making determinations regarding the overall executive compensation program and the individual compensation of the named executive officers. As part of the Company's annual planning process, the CEO, CFO and Vice Chairman develop targets for the Company's incentive compensation programs and present them to the Compensation Committee. These targets are reviewed by the Compensation Committee to ensure alignment with the Company's strategic and annual operating plans, taking into account the targeted year-over-year improvement as well as identified opportunities and risks. Based on performance appraisals, including an assessment of the achievement of pre-established financial and individual KPIs, the CEO and Vice Chairman recommend to the Compensation Committee cash and equity incentive award levels for the Company's other executive officers. Each year, the CEO and Vice Chairman present to the Compensation Committee their evaluation of each executive officer's contribution and performance over the past year, and strengths and development needs and actions for each of the executive officers. The Compensation Committee exercises its discretionary authority and makes the final decisions regarding form of awards, targets, award opportunities and payout value of awards.

***Stock Ownership Guidelines.*** The Company's stock ownership guidelines require that each named executive officer own a significant equity stake in the Company during his employment. The Compensation Committee believes that stock ownership by senior managers strengthens their commitment to the future of the Company and further aligns their interests with shareholders. Effective March 2006, the Board adopted the following stock ownership guidelines for all officers commensurate with their level of seniority and base salary: Chief Executive Officer to own stock with a value of at least five (5) times his base salary; Chief Financial Officer, four (4) times his base salary; and each other named executive officer, at least three (3) times his base salary. An executive must reach his target ownership level within four years after becoming subject to the stock ownership guidelines. Certain equity awards to named executive officers will not be transferable unless and until the grantee satisfies his or her applicable stock ownership requirement. In April 2009, the Compensation Committee amended the stock ownership guidelines to provide that no executive officer may sell any shares of the Company's stock that he or she owns or received in connection with a prior year equity incentive award, unless he or she is in compliance with the Company's stock ownership guidelines; provided, however, that executives may elect to have shares withheld in order to satisfy tax withholding requirements at time of vesting. In addition, executives must spend at least 5% of their net cash incentive award annually to purchase Class A shares of MDC Partners in the open market. As of December 31, 2011, all named executive officers were in full compliance with the Company's stock ownership guidelines.

***Employment Agreements.*** The Company has employment or services agreements with the CEO and all of the other named executive officers. These agreements formalize the terms of the employment relationship, and assure the executive of fair treatment during employment and in the event of termination while requiring compliance with restrictive covenants. Employment agreements promote careful and complete documentation and understanding of employment terms, including strong protections for our business.

***Clawback Agreements.*** In connection with the payment of cash incentive amounts to the CEO and all of the named executive officers in 2011, the Company required that each named executive officer agree in writing to repay the Company a pro-rata portion of his cash incentive payment if he resigned his employment or his employment was terminated for cause prior to July 31, 2014. These letter agreements encourage long term retention by key executives of the Company.

***Business Protection Terms.*** The Company's named executive officers are subject to significant contractual restrictions intended to prevent actions that potentially could harm our business, particularly after termination of employment. These business protections include obligations not to solicit clients or employees, not to disparage us,

not to reveal confidential information, and to cooperate with us in litigation. Business protection provisions are included in employment agreements and in connection with compliance with the Company's Code of Conduct.

**Equity Award Grant Policies.** The Board of Directors and the Compensation Committee have adopted policies and procedures governing the granting of any equity incentive awards, including the following:

Equity incentive awards granted to executive officers must be approved by the Compensation Committee or the full Board of Directors, and shall be made at quarterly in-person meetings and shall not be made via unanimous written consent. An attorney (who may be an employee of the Company) shall be present at each such Compensation Committee or Board meeting;

If grants are required to be awarded in connection with hiring new employees in between quarterly Compensation Committee meetings, such grants may be approved at a special meeting, which may be telephonic or in-person;

Options, SARs and other equity incentive awards shall be priced at the closing price on the date immediately prior to the date of the Compensation Committee meeting at which the grant is approved; and

The Company's internal audit department, in connection with its quarterly review, shall audit any equity incentive awards granted during the fiscal quarter to ensure compliance with all policies and applicable rules and regulations.

**Comparator Companies.** In determining compensation opportunities and payments to executives, the Compensation Committee may, from time to time, review competitive opportunities, payments, practices and performance among a comparator group of companies. We intend that, if our named executive officers achieve individual and financial corporate objectives in a given year, they will earn total direct compensation that compares favorably with the total direct compensation earned by executives performing similar functions at comparator companies. In setting 2011 compensation for the named executive officers, the Committee did not perform any formal benchmarking using a comparator group of peer companies. However, in setting certain long-term equity awards for the CEO that were granted in prior years, the Committee established performance metrics that look to a small peer group of marketing services companies comprised of Omnicom, WPP Group and Interpublic Group of Companies.

## **Incentive Awards Based on 2011 Performance; Exercise of Discretionary Authority**

**Pay-for-Performance Analysis.** The Company's compensation program is intended to reward performance relative to individual incentive criteria and corporate financial performance criteria, with the ultimate determination of incentive awards based on the Compensation Committee's discretion. The Compensation Committee exercised its discretion and determined that Company's corporate financial performance for 2011, as adjusted for certain investment spending initiatives, exceeded the targets established by the Compensation Committee. Specifically, the Company's 2011 financial performance of EBITDA (\$90.7 million as reported), after adjusting for investment spending initiatives, acquisitions and certain other items at the discretion of the Compensation Committee, exceeded the Company's baseline EBITDA target. In addition, the Compensation Committee exercised its discretionary authority and determined that the Company achieved certain other financial and strategic goals in 2011, including (i) strong organic revenue generation compared to the Company's peer competitors; and (ii) the completion of several accretive acquisitions and transactions that expanded and diversified the Company's portfolio of digital, public relations, pharmaceutical marketing and media buying and planning services companies.

In determining Mr. Nadal's compensation for 2011, the Compensation Committee took into account the Company's strategic and operating plans and how Mr. Nadal performed against those plans. The Compensation Committee recognizes that Mr. Nadal has built a business that is truly unique in its approach to marketing communications, which has translated into significant market share gains, a strong pipeline of new business, and over the past seven years, strong financial performance on revenue, organic revenue, earnings, and cash flow. In 2011, the Company delivered 3% EBITDA growth (net of substantial investment spending amounts), total free cash flow of \$54 million, and revenue growth of 37%, of which 17% was organic. Importantly, in 2011, MDC Partners outgrew its peers in terms of revenue growth and organic revenue growth. While the significant expansion strategy that Mr. Nadal has spearheaded has already translated into positive financial results, we understand that additional growth will only come over time.



As such, Mr. Nadal's compensation is primarily paid in the form of restricted stock awards. These long-term equity

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incentive awards ensure that Mr. Nadal will only benefit as the business grows, and as the Company's stock value appreciates. The Compensation Committee has strong confidence in Mr. Nadal's leadership of the MDC Partners' team and looks forward to working with him as he leads the Company in building an even better future for its shareholders, its partner companies, its employees, and its numerous clients around the world.

**Calculation of 2011 Annual Incentive Awards.** In determining the 2011 annual incentive awards to be paid to each of the named executive officers, following the conclusion of fiscal 2011 the Compensation Committee reviewed actual corporate and individual performance relative to individual incentive criteria. Such review yielded, for each named executive officer, an internal performance rating reflecting the actual achievement of Company performance goals and individual performance goals, such as the underlying operational and financial performance of specific partner companies as compared to budgeted targets. The Compensation Committee then used these ratings and its discretion to determine the actual bonus incentive award payable to each named executive officer, subject to the Compensation Committee's discretion to adjust such amount as it deemed, in its sole discretion, to be appropriate. To promote retention, each named executive officer (including the CEO) will be required to repay a pro rata portion of the annual incentive award if he resigns or is terminated for cause prior to December 31, 2014.

A portion of the 2011 annual incentive awards for each of the named executive officers other than the CEO were paid in cash, and a portion was paid in equity awards that will vest subject to continued employment. Given that a large portion of the CEO's total compensation is already paid in the form of equity or equity-based awards linked to the value of the Company, the Compensation Committee determined that it was appropriate to pay the CEO's annual incentive award solely in cash. The purpose of the equity incentive awards was intended to more closely align senior management with shareholder value creation. These restricted stock or RSU grants were valued immediately prior to the grant date and vest three years from the grant date, subject to accelerated vesting upon achievement of financial targets and contingent upon continued employment. We believe that making payment of a portion of the annual incentive award contingent on continued service with us and making payment in the form of an equity award increases the retentive value of the annual bonus award and closely aligns the ultimate payout to Company performance.

The amount of targeted incentive bonus award opportunity for all named executive officers and the amounts actually paid were as follows for 2011:

Named Executive Officer	Target Incentive Bonus Opportunity	Actual 2011 Cash Incentive Payment	Value of Equity Incentive Award (when issued in February 2012)	Allocation of Incentive Award
Miles Nadal	250% of base salary/ annual retainer (\$3,750,000)	\$1,875,000	*	100% cash
David Doft	100% of base salary (\$350,000)	\$247,500	\$78,750	76% cash; 24% restricted stock
Gavin Swartzman	100% of base salary (Cdn\$450,000)	\$178,074	\$101,250	64% cash; 36% RSUs
Mitchell Gendel	100% of base salary (\$350,000)	\$187,500	\$161,250	54% cash; 46% restricted stock
Michael Sabatino	100% of base salary (\$350,000)	\$187,500	\$187,500	50% cash; 50% restricted stock

\*In addition to the cash incentive of \$1,875,000 paid to the CEO in August 2011, the Company issued 344,828 RSUs to the CEO on February 15, 2012 (valued at the grant date in an amount equal to \$4,500,000), in respect of his 2012

LTIP Award.

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## Retirement Programs

The Company offers each U.S.-based executive the opportunity to make individual contributions to a broad-based 401(k) Plan administered by the Company and generally available to the Company's U.S. employees. However, the Company does not make or match any employee contributions to the 401(k) Plan. The Company does not provide any other specific retirement or pension benefits for its named executive officers.

## Severance Policies

We provide severance protection to our named executive officers in employment agreements, as detailed below under the caption Potential Payments Upon Termination or Change-In-Control. As discussed above, this protection is designed to be fair and competitive to aid in attracting and retaining experienced executives. We believe that the protection we provide, including the level of severance payments and post-termination benefits, is appropriate.

## Form of Long-Term Incentives; EVARs

The Compensation Committee made grants to its named executive officers in March 2011 of restricted stock and restricted stock units. These awards will not vest unless the executive is an employee of the Company on the applicable vesting date. The vesting date is the third anniversary of the date of grant, subject to accelerated vesting if the Company achieves the specified financial performance criteria in fiscal years 2012 and 2013. These financial performance criteria include 5% EBITDA growth in 2012 as compared to 2011; and cumulative EBITDA growth in 2012 and 2013 of 10%, as compared to 2011.

In addition, in 2011, the Company awarded EVARs, which represent a promise to grant restricted stock or RSUs in the future conditioned on MDC Partners' stock price achieving extraordinary equity value appreciation of during calendar years 2011-2013. In order for the restricted stock or RSUs to be granted in this period, the stock must average at least \$20 per share over 20 days for 30% to be granted, \$22.75 per share for the next 30% to be granted, and \$26.25 per share for the final 30% to be granted. Unless MDC Partners' stock appreciates to at least \$20 per share, no RSUs or restricted stock will be granted under the EVARs plan.

## Performance Goals and Metrics

In 2011, the Compensation Committee continued to use adjusted EBITDA as its primary financial goal for short-term incentive awards and equity incentive awards. In February 2012, the LTIP incentive award to the CEO was comprised solely of a grant of RSUs. The ultimate value of such RSUs award will be based upon the value of the Company's Class A share price.

# REPORT OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Human Resources & Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis that appears above. Based on this review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be

included in this Proxy Statement and the Company's 2011 Annual Report on Form 10-K for filing with the SEC and OSC.

**The Human Resources & Compensation Committee**

Clare Copeland (Chairman)

Thomas N. Davidson

Robert J. Kamerschen

Michael J.L. Kirby

Scott L. Kauffman

## Executive Compensation

This section contains information, both narrative and tabular, regarding the compensation for fiscal 2011, 2010 and 2009 for (i) our principal executive officer; (ii) our principal financial officer; and (iii) our three other most highly compensated executive officers who were serving as executive officers as of the end of Fiscal Year 2011 (collectively, the **NEOs** or the **named executive officers** ).

The Summary Compensation Table contains an overview of the amounts paid to or earned by our named executive officers during the last three fiscal years. The tables following the Summary Compensation Table the Grants of Plan-Based Awards Table, Outstanding Equity Awards at Fiscal Year-End table, and Option Exercises and Stock Vested Table contain details of our named executive officers recent equity grants, past awards, general holdings, and exercises. Finally, we have included a narrative description of potential severance payments to our named executive officers.

### SUMMARY COMPENSATION TABLE

As discussed in the CD&A, each NEO was paid a portion of his or her annual bonus in August 2011, subject to a repayment obligation. Specifically, Mr. Nadal was paid \$1,875,000; Mr. Doft was paid \$187,500; Mr. Swartzman was paid Cdn\$180,000; Mr. Gendel was paid 187,500; and Mr. Sabatino was paid \$187,500. The remainder of the bonus paid in respect of 2011 was paid in 2012. In connection with the bonus payments, each NEO agreed in writing to repay the Company a portion of the cash bonus if he resigned or his employment was terminated for cause prior to July 31, 2014. As of December 31, 2011, 100% of each bonus payment was subject to repayment; as of April 12, 2012, 75% of each bonus payment was subject to repayment. The amounts set forth in this column reflect the dollar value of the bonus actually earned by each NEO in respect of 2011 and no longer subject to a repayment obligation. The Company paid the CEO an additional cash incentive payment in amount equal to \$1,875,000 on February 15, 2012, subject to repayment if he resigned or was terminated for cause prior to July 31, 2015. A portion of the annual bonus awards for the NEOs other than the CEO were also paid in the form of restricted stock units granted in 2012 and have a grant date of February 14, 2012; pursuant to the SEC rules, these will be reflected in the Summary Compensation Table in 2012, the year in which the grant date occurs. The value of MDC Partners Class A stock on the grant date for the EVARs (Jan. 26, 2011) was \$17.15 per share, and the value of MDC Partners Class A stock on the grant date for other incentive awards (March 7, 2011) was \$18.64 per share. Reflects the aggregate grant date fair value, as computed in accordance with FASB Topic 718, excluding the effect of estimated forfeitures during the applicable

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vesting period, of equity awards consisting of restricted stock or restricted stock units (RSUs) granted to our NEOs in each of 2009, 2010 and 2011 and EVARS in 2011. The aggregate grant date fair value disclosed is based on the probable outcome of the applicable performance conditions for these awards. The fair value as disclosed would be the same amount if the highest performance conditions were to be achieved. Information with respect to RSUs reflected in this column that were granted in years before 2011 is disclosed in the Outstanding Equity Awards at 2011 Fiscal Year-End table of this Proxy Statement and the accompanying notes. In order for the restricted stock or RSUs to be granted under the EVARS Plan, the stock must average at least \$20 per share over 20 days for 30% to be granted, \$22.75 per share for the next 30% to be granted, and \$26.25 per share for the final 30% to be granted. Unless MDC Partners' stock appreciates to at least \$20 per share, no RSUs or restricted stock will be granted under the EVARS plan. For a discussion of the assumptions relating to these valuations, please see Footnote 2 Significant Accounting Policies set forth in our 2011 Annual Report on Form 10-K, and the corresponding sections of the consolidated financial statements for prior fiscal years for grants made in such years.

Reflects the aggregate grant date fair value, as computed in accordance with FASB Topic 718, excluding the effect of estimated forfeitures during the applicable vesting periods, of stock options and stock appreciation rights (SARs) granted to the named executive officers in each of 2009, 2010 and 2011. Options and SARs have an exercise price equal to the closing price of the Company's common stock on the date preceding the date of grant, generally vest over 3 years, and are subject to the provisions of the 2005 Stock Incentive Plan, as amended, and 2011 Stock Incentive Plan, as applicable. Information with respect to the SARs granted to the named executive officers in 2009 (3) is disclosed in the Grants of Plan-Based Awards Table of this Proxy Statement and the accompanying notes.

Information with respect to options reflected in this column that were granted in years before 2011 is disclosed in the Outstanding Equity Awards at 2011 Fiscal Year-End table of this Proxy Statement and the accompanying notes. The values in this column for SARs granted in 2009 are determined using the Black-Scholes option pricing-model. For a discussion of the full assumptions relating to these valuations, please see Footnote 2 Significant Accounting Policies set forth in our 2011 Annual Report on Form 10-K, and the corresponding sections of the consolidated financial statements for prior fiscal years for grants made in such years.

(4) All other compensation is comprised of the following perquisites, personal benefits and other items for our NEOs in 2011:

for Mr. Nadal, a \$59,138 interest benefit received on account of interest-free loans that were grandfathered under the Sarbanes-Oxley Act of 2002; and a \$500,000 perquisite allowance in respect of retirement benefits and employee health benefits. In addition to the amounts set forth in the table, on limited occasions, while Mr. Nadal is traveling on business, a member of his family has accompanied him on the corporate aircraft. There is no

(a) incremental cost to the Company for this use of the aircraft by Mr. Nadal's family member. For business purposes during travel from outside of New York City, Mr. Nadal and certain of the Company's executive officers have the use of a corporate apartment located near the Company's offices in New York City. Mr. Nadal personally paid for all furnishings in this corporate apartment, and also pays for 50% of the leasehold cost. The Company believes that such arrangement is more cost effective than the alternative costs of a hotel in New York City;

(b) for Mr. Doft, a \$30,000 annual perquisite allowance and \$19,372 in annual insurance premiums;

(c) for Mr. Swartzman, a \$20,000 VND annual perquisite allowance and \$4,912 VND in annual insurance premiums and parking expenses;

(d) for Mr. Sabatino, a \$25,000 annual perquisite allowance and \$20,540 in annual insurance premiums; and

(e) for Mr. Gendel, a \$25,000 annual perquisite allowance and \$19,372 in annual insurance premiums.

(5) The personal services of our Chairman and CEO are provided to the Company through Nadal Management, Inc.

(6) Includes 2,083,332 SARs pledged pursuant to a recourse loan arrangement.

**GRANTS OF PLAN-BASED AWARDS    FISCAL YEAR  
2011**