

Spin Master Reaches Agreement With Canada Revenue Agency to Resolve Previously Disclosed Transfer Pricing Matter

Liability below the mid-point of the range in IPO prospectus

TORONTO, Dec. 18, 2015 /CNW/ - Spin Master Corp. ("Spin Master" or the "Company") (TSX: TOY) announced today that it has reached a settlement agreement with the Canada Revenue Agency ("CRA"), which resolves a previously disclosed transfer pricing matter arising from the CRA's audit of the cost sharing arrangements between Spin Master Ltd. and a foreign affiliate during the 2004 – 2013 taxation years. The amount of the settlement is below the mid-point of the range stated in the Company's Initial Public Offering ("IPO") prospectus.

As initially disclosed in the Company's IPO prospectus, the CRA had notified Spin Master that the CRA proposed to assess additional taxes and potentially penalties relating to proposed transfer pricing adjustments in respect of the cost sharing arrangements. The total liability for Canadian federal and Ontario corporate income tax, penalties and interest under the proposed adjustments by the CRA would have been approximately C\$58 million for the 2004 – 2012 taxation years. Spin Master had also estimated that potential additional tax, interest and penalties in the amount of C\$7 million would be payable for the 2013 - 2015 taxation years if the CRA's proposed transfer pricing methodology for 2004 – 2012 were applied to these later years.

Under the settlement agreement Spin Master and the CRA have agreed on the amounts of the transfer pricing adjustments that will be made by the CRA for the 2004 – 2013 taxation years in respect of the cost-sharing arrangements and that no transfer pricing penalties will apply in respect of such adjustments. Spin Master has also agreed under the settlement to waive its rights of objection and appeal in respect of the agreed adjustments.

The total liability for Canadian federal and Ontario corporate income tax and interest in respect of the agreed transfer pricing adjustments is approximately C\$15 million, to be paid in cash upon the receipt of final re-assessments from the CRA in the first quarter of 2016. The settlement agreement with the CRA will result in a charge of approximately US\$14 million (C\$19 million) in the consolidated statement of operations of Spin Master for the fourth quarter of 2015. The settlement eliminates the contingent liability relating to the transfer pricing matter as disclosed in Note 12 of Spin Master's third quarter 2015 financial statements.

"The settlement brings closure to a matter dating back to the 2004 fiscal year. We are pleased to have reached an agreement with the CRA on the resolution of this transfer pricing dispute that results in a significant reduction in the potential liability for Canadian income tax, penalties and interest," said Mark Segal, Executive Vice President and Chief Financial Officer of Spin Master.

About Spin Master Corp.

Spin Master is a leading global children's entertainment company that creates, designs, manufactures and markets a diversified portfolio of innovative toys, games, products and entertainment properties. Spin Master is best known for award-winning brands including *Bakugan*™, *Air Hogs*®, Spin Master Games™ and the 2015 Toy of the Year, *Zoomer*™ *Dino*. Since 2005, Spin Master has received 58 TIA Toy of the Year ("TOTY") nominations with 14 wins across a variety of product categories. Spin Master has been recognized with 11 TOTY nominations for Innovative Toy of the Year, more than any of its competitors. Spin Master is among a limited number of companies that not only develop and produce global entertainment properties, characters and content, but also monetize that content through the creation, sale and licensing of products. To date, Spin Master has produced five television series, including 2007 hit series *Bakugan Battle Brawlers*™ and its current hit *PAW Patrol*, which is broadcast in over 160 countries and territories. Spin Master employs over 850 people globally with 15 offices in Canada, United States, France, Italy, United Kingdom, Slovakia, Germany, the Netherlands, Mexico, China, Hong Kong and Japan.

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