

**MAD CATZ INTERACTIVE, INC.**  
**CHARTER OF THE COMPENSATION COMMITTEE**

The Compensation Committee (the “Committee”) will act on behalf of and subject to the direction of the Board of the Company in all matters pertaining to the compensation, benefits and performance of all senior executives and consultants of the Company and any other business entity controlled in fact by the Company (each an “affiliate”) (including the President and CEO, and any group of senior employees or consultants identified by the Committee from time to time), this group being referred to as the “Senior Management Group”. The Committee will make recommendations with respect to the remuneration of the Board and the board of directors of any affiliate (and the Board will review the compensation of management, which review maybe delegated to the President and CEO). In addition, the Committee will oversee and supervise any share purchase plan, share option plan, bonus participation plan and any other like plan.

**Composition**

The Board will appoint no fewer than three Directors to the Committee, all of whom must be independent<sup>1</sup>.

**Chairman**

The Board, upon recommendation of the Committee, will appoint the Chairman of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make an appointment of the Chairman, the incumbent Chairman will continue in office until that Chairman’s successor is appointed.

**Removal and Vacancies**

Any member of the Committee may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies in the Committee by election from among the members of the Board. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

**Tenure**

Subject to the paragraph above, each member of the Committee will hold office until the next annual meeting of shareholders of the Company after his or her election.

**Notice of Meetings**

- (a) The Chairman of the Committee may call meetings of the Committee periodically and will do so at the request of any two Committee members.

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<sup>1</sup> For the definition of **independent director**, please see the Glossary of Terms.

- (b) The Committee will have the right to require the attendance of any member of management of the Company at meetings of the Committee.
- (c) The Committee will have the right to invite any person to attend meetings of the Committee.
- (d) Notice of the time and place of each meeting of the Committee will be given to each member by telephone not less than 48 hours before the time of the meeting or by written notice not less than four days before the day of the meeting, and, subject to the requirements of applicable law, need not specify the purpose of or the business to be transacted at the meeting. Meetings of the Committee may be held at any time without notice if all the members have waived or are deemed to have waived notice of the meeting.

### **Times and Places of Meetings**

The Committee will meet as many times as is necessary to carry out its responsibilities. The meetings shall be at times and places to be determined by the Committee.

### **Quorum**

A quorum at any meeting will be a simple majority provided that if the number of Committee members is an even number, one half of the number plus one shall constitute a quorum.

### **Minutes of Meetings**

The Committee will keep regular minutes of its proceedings and will report to the Board at each Board meeting. Minutes will be circulated to all Directors on a timely basis.

### **Transaction of Business**

The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all Committee members entitled to vote on that resolution at a meeting of the Committee.

### **Remuneration**

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

### **Duties and Responsibilities of the Committee**

#### *Compensation Matters*

The Committee will (in all cases in respect of the Company and its affiliates, and with the assistance of consultants as required):

- Review the recruitment, appointment and termination of the Senior Management Group.
- Ensure that the Senior Management Group is sound, focused and capable of successfully managing the Company.
- Monitor and assess the performance of the Senior Management Group, and ensure that the results are discussed by the Board.
- Review the annual salary of the President and CEO, and either delegate to the President and CEO or review as a Committee, bonus, pension, severance and termination arrangements, and other benefits, direct and indirect, of the Senior Management Group.
- Review the Company's policies relating to the Senior Management Group prerequisites.
- Review the Senior Management Group's employment agreements.
- Review retention programs for the Company's Senior Management Group.
- Confirm that management succession planning processes are carried out and that results are discussed by the full Board.
- Develop or approve performance indicators and corporate objectives which the President and CEO is responsible for meeting in the upcoming year in order to provide a monitoring benchmark, and assess the performance of the President and CEO annually as against that benchmark.
- Review the adequacy and form of compensation of the Board and members of Board Committees in light of the responsibilities and risks involved in being a Director and/or a Chairman.
- Approve the executive compensation section in the Company's information circular.
- Review annual compensation and expense policy and benefit programs.
- Review pay equity and employment equity policies.
- Review recommendations concerning the operation of any employee share purchase plan, including recommendations as to entitlement, terms, price and all other matters related to that plan.
- Review recommendations concerning the operation of any share option plan or similar incentive plan, including recommendations as to entitlement, vesting, price, incentive targets and all other matters relating to that plan.

- Subject to any express restriction or policy established by the Board, and subject to confirmation by the Board, grant options pursuant to any share option plan.
- Review recommendations concerning the operation of any Directors' and officers' compensation plan, including recommendations as to entitlement, price and all other matters related to that plan.
- Review recommendations concerning the operation of any profit or bonus participation plan, including recommendations as to entitlement, terms, price and all other matters related to that plan.

### **Access to Records**

The Committee will be permitted access to all records and corporate information that it determines to be required in order to perform its duties.