

IMAX CORP
Form DEF 14A
April 24, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

IMAX CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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(4) Date Filed:

Table of Contents

IMAX Corporation

2525 Speakman Drive

Mississauga, Ontario, Canada, L5K 1B1

Dear Shareholders:

April 24, 2013

Several trends in the global entertainment industry helped to drive momentum in the IMAX business in 2012. The increased globalization of content, which ties nicely with our international growth potential, increased focus by studios to produce blockbuster movies, which ties into our core demographic audience, and improvements in home technology, which drives people to seek more premium entertainment experiences when they leave the home, are all positive trends that not only helped to drive our results in 2012, but will also help propel our long-term growth going forward.

IMAX has evolved significantly over the last five years and has become an important element of the global entertainment industry, with a network of approximately 600 commercial theatres and a strong brand that is recognized by consumers worldwide as the premiere venue for the best, most immersive entertainment experience. For more than 40 years, IMAX has been on the cutting edge of technology, working to enhance every facet of our unique end-to-end platform. This commitment to quality and differentiation is even more important now than it ever has been. As in-home entertainment options improve, more of the world's leading filmmakers, studios and exhibitors are turning to IMAX to deliver to audiences experiences they cannot find anywhere else.

Emerging markets continue to grow with international territories becoming an increasing focus in content distribution. In 2012, we increasingly focused on the strategic programming of our global theatre network across the 53 countries that we now have a presence in. This strategy includes optimizing the film slate to fill gaps in international release calendars and to cater to cultural preferences in each market with Hollywood as well as local language films. I believe IMAX is uniquely situated to play a significant role in the global entertainment landscape, with our rapidly expanding theatre network and strong relationships across the industry worldwide.

According to the Motion Picture Association of America 2012 Theatrical Market report, global industry box office reached a high of \$34.7 billion in 2012, with both domestic and international box office each growing by 6%. Domestically, movie theatres continue to draw more people than all theme parks and major U.S. sporting events combined. Internationally, all regions experienced growth in 2012 with the exception of Europe. The Chinese box office grew by 36% to surpass Japan as the second-largest market in the world, with the U.S. at the top.

Global IMAX box office grew by approximately 50% in 2012, demonstrating the power of network growth combined with a diverse portfolio of films exhibited globally. The worldwide scale of our theatre network as well as strong box office drove solid financial results and operating leverage in 2012, driving increasing recurring revenues and turning the Company cashflow positive. But, equally important, our strategic accomplishments during the year—such as: further strengthening our studio relationships both in Hollywood as well as with local studios in international markets, intensifying our focus on our global film strategy, the initial roll-out of our IMAX brand campaign, and increased demand and use of IMAX differentiation in films, to name just a few—helped to lay a strong foundation for continued long-term success for the Company.

2012 Financial Performance

Our financial results for the full year of 2012 provided proof of the operating leverage inherent in the IMAX business model:

Network scale and global film portfolio drove box office growth of approximately 50% to more than \$620 million

Total revenues increased to \$284.3 million, up 20% from \$236.6 million a year ago

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Adjusted net income⁽¹⁾ increased to \$54.3 million, or \$0.80 per diluted share, up 95% from 2011

The company turned free cash flow⁽¹⁾ positive, generating \$38 million in free cash flow in 2012, versus a loss of \$57 million in 2011.

- (1) For a reconciliation of adjusted net income to reported net income and for the definition of adjusted free cash flow, please see Non-GAAP Financial Measures on page 48 of the attached proxy circular.

Table of Contents

Global Penetration in 2012 and Beyond

We continued to make significant progress toward network growth in 2012 to bring The IMAX Experience® to more consumers around the world:

The company signed deals for 142 theatre systems in 2012, 121 of which were for new theatres

We have a robust backlog of 276 theatre systems, compared with 263 theatres at the end of 2011

The company installed 107 new theatres in 2012, resulting in 20% year-over-year growth in our commercial theatre network to 598 theatres as of Dec. 31, 2012. While we have quadrupled our commercial theatre network over the last five years, we still have plenty of runway for growth with approximately 65% of our 1,700 identified zones still available – the majority of which are in underpenetrated international markets.

Asia continues to be a significant driver of our international growth, with Greater China comprising approximately one-third of our theatre signings and installations in 2012. While we expect to continue to see some ups and downs in the near term in China, we believe that favorable market trends in China, including government initiatives to foster cinema screen growth in China and, per the WTO agreement, to increase the number of Hollywood films, particularly IMAX and 3D, released into China, bode well for additional IMAX growth and we remain optimistic about our long-term potential in China. We ended the year with a total of 230 commercial theatres either open or in backlog in Greater China, while our most recent market study has identified approximately 400 potential IMAX zones throughout the region. We believe that favorable market trends in China – including the WTO agreement announced in early 2012 that called for an increase in the number of Hollywood films released into China, particularly in IMAX and 3D – bode well for our long-term growth in China.

This year, we also made significant progress toward growth in our various other underpenetrated markets around the world. In Europe, the Middle East, and Africa, we have seen positive momentum throughout the region. Our box office results in Europe in 2012 were also encouraging, with IMAX theatres in Russia delivering a strong per-screen average (PSA) of \$1.8 million and our theatres in the UK averaging more than \$2 million each in box office. In Latin America, we restructured our agreement with RACIMEC, our South American partner, to allow IMAX to direct sales activities in Brazil, Columbia and Ecuador going forward. We doubled the size of our network in Brazil in 2012 to six IMAX theatres and saw a strong PSA of \$1.5 million. We expect that these locations will act as reference theatres to help drive future growth as the Brazil market develops. Meanwhile, India presents a significant growth opportunity for IMAX. While we had only three theatres open at the end of 2012, we expect to open several more in 2013, with a zone potential currently estimated at 70 IMAX theatres.

We also made important strides in local international content in 2012, having released five local-language films produced by Chinese studios in the year and signing agreements for the first-ever releases of Indian and Russian films in IMAX. We believe our strategy to release local content along with Hollywood content in the international markets allows us to cater to local cultural preferences and optimize our network based on release dates in various countries. We believe this strategy will help drive network growth throughout these regions and further strengthen our position within the global cinema market.

Overall, we remain optimistic about the trends we're seeing in our international markets. At year-end, we were only approximately 20% penetrated overseas, and our international PSA for 2012 was \$1.4 million, or 1.4 times our domestic per-screen average.

IMAX Differentiation – Technology, Content and Brand

It is our goal to ensure that IMAX moviegoers are getting a truly unique and immersive entertainment experience that they cannot get anywhere else. Quality and differentiation – through technology, content and our brand – have been a major focus of ours. From our proprietary theatre design and equipment, to our one-of-a-kind film presentations and exclusive sound tracks, IMAX has truly created a differentiated product that is being embraced by exhibitors, studios, and, most importantly, by moviegoers around the world.

We are currently developing our next-generation laser-based projection technology, which we believe will keep us at the cutting edge of industry innovation for years to come. IMAX laser-based projectors will present greater brightness and clarity, a wider color gamut and deeper blacks, and consume less power and last longer than existing digital technology. First and foremost, this laser-based system will enable us to provide a digital solution to our universe of approximately 150 film-based screens, including institutions, larger than 80 feet in width, which should result

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in increased programming flexibility and cost efficiencies for these theatres. We expect to bring the systems to market in the second half of 2014.

Table of Contents

Further IMAX differentiation in the films that we present is also important to us, and more filmmakers are embracing IMAX to bring their artistic visions to life. In 2012, Christopher Nolan's and Warner Brothers' *The Dark Knight Rises* featured a record 75 minutes of footage shot with IMAX cameras and became the second-highest grossing IMAX film in our history, generating more than \$100 million in IMAX global box office. This year will be the first to feature two Hollywood movies with IMAX footage, as J.J. Abrams and Francis Lawrence filmed select scenes of *Star Trek: Into Darkness* and *Catching Fire*, respectively, with IMAX cameras.

In 2012, we launched our first direct-to-consumer brand marketing campaign focusing on the emotional and visceral connection between our fans and the IMAX format, culminating in the theme *IMAX is Believing*. The campaign was well-received by our theatre partners and moviegoers worldwide, and we expect to continue the brand campaign to drive further brand awareness and loyalty—especially internationally, from which we expect the majority of our future growth to come.

Operating Leverage and Scalability

In 2012, we realized the operating leverage that the IMAX model can achieve, and one of our top priorities going forward is to improve upon that scalability. Over the last several years, we have dedicated our efforts to executing the rapid growth of our theatre network and our film portfolio, which has also resulted in increased operating expenses. For 2013, we plan to continue to focus our attention on improving business efficiencies.

We believe the financial and strategic accomplishments of 2012 re-confirmed IMAX's position as a unique global player in the film industry and laid a solid foundation for long-term growth. IMAX—as a technology, a brand, an experience, a content provider and a marketing tool—uniquely positioned to generate enthusiasm with movie-goers around the world, bringing them out of their homes and into cinemas. Our differentiated end-to-end technology platform enables filmmakers and studios to create an entertainment experience that cannot be found anywhere else, and we look forward to continuing to collaborate with our partners around the world to deliver mind-blowing experiences.

In closing, I would like to acknowledge the tremendous efforts of our employees. Their passion for the IMAX brand and unwavering commitment to quality enables us to deliver a cutting-edge entertainment experience to consumers around the globe.

We also thank you, our shareholders, for your support. We look forward to reporting on our progress and continued growth in the years ahead.

Sincerely,

/s/ Richard L. Gelfond

Richard L. Gelfond

CEO, IMAX Corporation

Table of Contents

IMAX Corporation
2525 Speakman Drive
Mississauga, Ontario, Canada, L5K 1B1

NOTICE of ANNUAL and SPECIAL MEETING of SHAREHOLDERS

to be held on

June 11, 2013

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders of IMAX Corporation (the Company) will be held at the Le Parker Meridien Hotel (Mirus Room), 119 West 57th Street, New York, NY, U.S.A. 10019 on June 11, 2013 at 10:00 a.m. (Eastern Time) (the Special Meeting), for the following purposes:

- (1) to receive the consolidated financial statements for the fiscal year ended December 31, 2012 together with the auditors' report thereon;
- (2) to elect the four individuals nominated to serve as directors until the end of their term or until their successors are elected or appointed;
- (3) to appoint auditors and authorize the directors to fix the auditors' remuneration;
- (4) to approve, by special resolution, proposed amendments to the Articles of Amalgamation of the Company;
- (5) to confirm certain amendments to By-law No. 1 of the Company;
- (6) to approve the Company's 2013 Long-Term Incentive Plan;
- (7) to conduct an advisory vote on the executive compensation of the Company's Named Executive Officers; and

(8) to transact such other business as may properly be brought before the Special Meeting or any adjournments thereof. The foregoing items of business are more fully described in the proxy circular and proxy statement accompanying this Notice of Annual and Special Meeting of Shareholders.

Only shareholders of record as of the close of business April 12, 2013, are entitled to notice of and to vote at the Special Meeting.

By Order of the Board of Directors,

/s/ G. Mary Ruby

G. MARY RUBY

Chief Administrative Officer

& Corporate Secretary

Mississauga, Ontario

April 24, 2013

YOUR VOTE IS IMPORTANT. Shareholders who are unable to attend the Special Meeting in person are requested to complete and return the accompanying Form of Proxy in the envelope provided for that purpose. Proxies must be deposited with Computershare Investor Services Inc., c/o Stock and Bond Transfer Dept., 9th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 or at the Corporate Headquarters of the Company noted above on or before 10:00 a.m. (Eastern Time) on June 7, 2013. Shareholders may also vote by following the instructions for voting by telephone or over the internet in the accompanying proxy circular.

Table of Contents

Proxy Circular

and

Proxy Statement

IMAX CORPORATION

2525 Speakman Drive, Mississauga, Ontario, Canada, L5K 1B1

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Table of Contents

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to Be Held on June 11, 2013</u>	1
<u>INFORMATION ON VOTING</u>	1
<u>Who can Vote</u>	1
<u>Difference between a Shareholder of Record and a Beneficial Holder</u>	1
<u>VOTING BY SHAREHOLDERS OF RECORD</u>	1
<u>Voting in Person</u>	1
<u>Voting by Proxy</u>	1
<u>What is a Proxy?</u>	2
<u>How do you Appoint a Proxyholder?</u>	2
<u>How will a Proxyholder Vote?</u>	2
<u>How do you Revoke your Proxy?</u>	3
<u>Confidentiality of Voting</u>	3
<u>Solicitation of Proxies</u>	3
<u>VOTING BY BENEFICIAL HOLDERS</u>	3
<u>Voting in Person</u>	3
<u>Voting through an Intermediary</u>	3
<u>U.S. Householding</u>	4
<u>Information for U.S. Beneficial Holders</u>	4
<u>VOTING REQUIREMENTS TO APPROVE MATTERS TO BE DISCUSSED AT THE 2013 ANNUAL AND SPECIAL MEETING</u>	4
<u>Quorum</u>	4
<u>PROCEDURE FOR CONSIDERING SHAREHOLDER PROPOSALS FOR THE COMPANY S 2014 ANNUAL MEETING</u>	5
<u>SHAREHOLDER COMMUNICATION</u>	5
<u>PRINCIPAL SHAREHOLDERS OF VOTING SHARES</u>	5
<u>FINANCIAL STATEMENTS AND AUDITORS REPORT</u>	5
<u>MATTERS TO BE CONSIDERED AT THE 2013 ANNUAL AND SPECIAL MEETING</u>	6
<u>Board of Directors Recommendations for your Vote</u>	6
<u>Item No. 1 ELECTION OF DIRECTORS</u>	6
<u>Majority Voting Policy</u>	6
<u>Nominees for Election</u>	6
<u>Item No. 2 APPOINTMENT OF AUDITORS</u>	9
<u>Audit Fees</u>	9
<u>Audit-Related Fees</u>	9
<u>Tax Fees</u>	9
<u>All other fees</u>	9
<u>Audit Committee s Pre-Approval Policies and Procedures</u>	9
<u>Item No. 3 AMENDMENTS TO ARTICLES OF AMALGAMATION</u>	10
<u>Summary of Proposed Amendments</u>	10
<u>Item No. 4 CONFIRMATION OF AMENDMENTS TO BY-LAW NO. 1</u>	10
<u>Summary of Amendments</u>	10
<u>Item No. 5 APPROVAL OF THE 2013 IMAX LONG-TERM INCENTIVE PLAN</u>	11
<u>Introduction</u>	11
<u>Management s Support of the IMAX LTIP</u>	11
<u>Summary of the 2013 Long-Term Incentive Plan</u>	12
<u>Administration</u>	12
<u>Eligibility</u>	12
<u>Number of Common Shares Available for Issuance</u>	12

Table of Contents

<u>Types of Awards: Limits</u>	13
<u>Section 162(m) Performance-Based Awards</u>	13
<u>Amendment and Termination: Term</u>	14
<u>Change-in-Control</u>	14
<u>Termination of Employment</u>	14
<u>Other Provisions</u>	14
<u>Awards of Restricted Share Units Contemplated for 2013</u>	15
<u>U.S. Federal Income Tax Consequences</u>	15
<u>Canadian Federal Income Tax Consequences</u>	16
<u>New Plan Benefits</u>	17
<u>Item No. 6 ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION (Say-on-Pay)</u>	17
<u>EXECUTIVE OFFICERS</u>	18
<u>2012 EQUITY COMPENSATION PLANS</u>	20
<u>SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT</u>	20
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	21
<u>MANAGEMENT CEASE TRADE ORDER</u>	21
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	21
<u>Overview</u>	21
<u>Compensation Philosophy and Objectives</u>	21
<u>Assessment of Executive Compensation Program during 2012</u>	22
<u>Summary of 2012 Performance and Results</u>	22
<u>Executive Compensation Process</u>	23
<u>Scope and Authority of the Compensation Committee</u>	23
<u>Role of the Compensation Committee in Determining CEO Compensation</u>	23
<u>Role of the CEO in Executive Compensation Decisions</u>	23
<u>Role of Compensation Consultant</u>	24
<u>Use of Compensation Survey Data</u>	24
<u>Comparator Group</u>	24
<u>Employment and Change-in-Control Agreements</u>	25
<u>Executive Compensation Components</u>	25
<u>Annual Base Salary</u>	26
<u>Performance-Based Incentive Compensation</u>	26
<u>Annual Cash Bonus Awards</u>	26
<u>Long-Term Incentive Compensation</u>	27
<u>Stock Options</u>	28
<u>Stock Appreciation Rights</u>	29
<u>Retirement and Pension Plans</u>	29
<u>Other Personal Benefits and Perquisites</u>	30
<u>Consideration of Say-on-Pay</u>	30
<u>Tax and Accounting Considerations</u>	30
<u>Share Ownership Guidelines</u>	31
<u>COMPENSATION COMMITTEE REPORT</u>	31
<u>2012 SUMMARY COMPENSATION TABLE</u>	32
<u>2012 GRANTS OF PLAN-BASED AWARDS</u>	33
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	34
<u>2012 STOCK OPTIONS / SRS EXERCISED</u>	35
<u>2012 PENSION BENEFITS</u>	35
<u>EMPLOYMENT AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	36
<u>COMPENSATION OF DIRECTORS</u>	41
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	43

Table of Contents

<u>CORPORATE GOVERNANCE</u>	43
<u>Corporate Governance Guidelines</u>	43
<u>Director Independence</u>	44
<u>Board Size and Composition</u>	44
<u>Risk Management</u>	44
<u>Nomination Process</u>	45
<u>Meetings of the Board of Directors and its Committees</u>	45
<u>Committees of the Board</u>	46
<u>Audit Committee</u>	46
<u>Compensation Committee</u>	47
<u>Governance & Nominating Committee</u>	47
<u>Orientation and Education</u>	47
<u>Board and Committee Self-Assessment</u>	47
<u>Written Position Descriptions</u>	47
<u>CODE OF BUSINESS CONDUCT AND ETHICS</u>	48
<u>NON-GAAP FINANCIAL MEASURES</u>	48
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	49
<u>REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS</u>	50
<u>REPORT OF THE AUDIT COMMITTEE</u>	50
<u>AVAILABLE INFORMATION</u>	51
<u>APPROVAL BY BOARD OF DIRECTORS</u>	51
<u>APPENDIX A</u>	A-1
<u>APPENDIX B</u>	B-1

Table of Contents

IMAX Corporation

2525 Speakman Drive

Mississauga, Ontario, Canada, L5K 1B1

GENERAL INFORMATION

This proxy circular and proxy statement (the "Circular") is furnished in connection with the solicitation by the management of the Company of proxies to be used at the Annual and Special Meeting of Shareholders of IMAX Corporation (the "Company"), which will be held at the Le Parker Meridien Hotel (Mirus Room), 119 West 57th Street, New York, NY, U.S.A. 10019, on June 11, 2013 at 10:00 a.m. (the "Special Meeting"), or at any continuation, postponement or adjournment thereof.

The Notice of Annual and Special Meeting, this proxy circular and proxy statement and the form of proxy (the "Form of Proxy") will be released on or about April 24, 2013 to holders of the Company's common shares (the "Common Shares").

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to Be Held on June 11, 2013

Pursuant to the requirement promulgated by the United States Securities and Exchange Commission (the "SEC"), the Company has elected to provide access to the Company's proxy materials by sending you this full set of proxy materials, including a form of proxy or voting instruction form. You are encouraged to access and review all of the important information contained in the proxy materials before submitting a proxy or voting at the Special Meeting. The proxy materials are also available on the internet at <http://www.imax.com/corporate/investors/shareholder-meeting>.

Regardless of the number of Common Shares you hold, your role as a shareholder is very important and the Board of Directors strongly encourages you to exercise your right to vote.

INFORMATION ON VOTING

Who can Vote

The Board of Directors has fixed April 12, 2013 as the record date for the Special Meeting. Each Common Share entitles the holder to one vote on all matters presented at the Special Meeting. As of April 12, 2013, the Company had 66,873,851 Common Shares issued and outstanding. You are entitled to vote at the Special Meeting if you were a holder of record of Common Shares as of the close of business on April 12, 2013. You are entitled to one vote on each proposal for each Common Share you held on the record date. Your Common Shares may be voted at the Special Meeting only if you are present in person or your Common Shares are represented by a valid proxy.

Difference between a Shareholder of Record and a Beneficial Holder

If your Common Shares are registered directly in your name, you are considered the shareholder of record with respect to those Common Shares.

If your Common Shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the shareholder of record with respect to those Common Shares. However, you are still considered the beneficial owner of those Common Shares, and your Common Shares are said to be held in "street name". Beneficial holders generally cannot submit a proxy or vote their Common Shares directly and must instead instruct the broker, bank, trust or other nominee on how to vote their Common Shares using the methods described below in "Voting by Beneficial Holders".

VOTING BY SHAREHOLDERS OF RECORD

The following instructions are for shareholders of record only. If you are a beneficial holder (your Common Shares are held in "street name"), please follow your broker's instructions on how to vote your Common Shares. See description in "Voting by Beneficial Holders" on page 3.

Voting in Person

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Shareholders of record may vote by attending the Special Meeting and voting the Common Shares registered in their name on resolutions put before the Special Meeting. If you are a shareholder of record who will attend and vote in person at the Special Meeting, you do not need to complete or return the Form of Proxy. Please register your attendance with the scrutineer, Computershare Investor Services Inc. (Computershare), upon your arrival at the Special Meeting.

Voting by Proxy

If you are a shareholder of record but do not plan to attend the Special Meeting in person, you may vote by proxy. There are three ways to vote by proxy:

Table of Contents

Mail - You may vote by completing, dating and signing the enclosed Form of Proxy and promptly returning it, in the preaddressed envelope provided to you, to Computershare, no later than 10:00 a.m. (Eastern Time) on June 7, 2013, or on the second last business day prior to any postponed or adjourned meeting.

Telephone - You may vote by telephone from within the United States or Canada by calling the toll free number shown on the Form of Proxy no later than 10:00 a.m. (Eastern Time) on June 7, 2013, or on the second last business day prior to any postponed or adjourned meeting. **Please refer to the holder account number and access number provided on the Form of Proxy.**

Internet - You may vote over the internet by following the login and voting procedures described on the Form of Proxy. **Please refer to the holder account number and access number provided on the Form of Proxy.** Detailed voting instructions will then be provided via the internet to those who have completed the login procedure. You may vote (and revoke a previous vote) over the internet at any time before 10:00 a.m. (Eastern Time) on June 7, 2013, or on the second last business day prior to any postponed or adjourned meeting.

The internet voting procedure is designed to authenticate shareholders' identities, to allow shareholders to vote their Common Shares and to confirm that shareholders' votes have been recorded properly. Shareholders who submit a proxy through the internet should be aware that they may incur costs to access the internet, such as usage charges from telephone companies or internet service providers and that these costs must be borne by the shareholder. Also, please be aware that the Company is not involved in the operation of the internet voting procedure and cannot take responsibility for any access or internet service interruptions that may occur or any inaccuracies or erroneous or incomplete information that may appear.

What is a Proxy?

A proxy is a document that authorizes another person to attend the Special Meeting and cast votes on behalf of a shareholder of record at the Special Meeting. If you are a shareholder of record, you can use the accompanying Form of Proxy. You may also use any other legal form of proxy.

How do you Appoint a Proxyholder?

Your proxyholder is the person you appoint to cast your votes for you at the Special Meeting. The persons named in the enclosed Form of Proxy are directors and officers of the Company. You have the right to appoint one of the persons designated as proxyholders in the accompanying Form of Proxy or any other person, who need not be a shareholder of the Company, to attend and act on your behalf at the Special Meeting.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Special Meeting, including any continuation of the Special Meeting if it is adjourned.

How will a Proxyholder Vote?

If you mark on the proxy how you want to vote on a particular issue (by checking FOR, AGAINST, WITHHOLD, or ABSTAIN), your proxyholder must cast your votes as instructed. If you vote WITHHOLD on the proxy it is equivalent to voting ABSTAIN, and you will be abstaining from voting, though you will be treated as present for the purposes of determining a quorum.

The person appointed as proxyholder has discretionary authority and may vote the Common Shares represented thereby as such person considers best with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting, and with respect to any other matter which may properly come before the Special Meeting. As of the date of this Circular, the management of the Company is not aware of any such amendment, variation or other matter proposed or likely to come before the Special Meeting. If any amendments are proposed to these matters, or if any other matters properly arise at the Special Meeting, your proxyholder can generally vote your Common Shares as he or she sees fit.

If you do NOT mark on the proxy how you intend to vote on a particular matter, your proxyholder is entitled to vote your Common Shares as he or she sees fit. If your proxy does not specify how you intend to vote on any particular matter, and if you have authorized a director or officer of the Company to act as your proxyholder, your Common Shares will be voted at the Special Meeting as follows:

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FOR the election of the nominees named in this Circular as directors;

FOR the appointment of PricewaterhouseCoopers LLP as auditors and authorizing the directors to fix the auditors remuneration;

FOR the amendments to the Articles of Amalgamation of the Company;

FOR the confirmation of amendments to By-Law No. 1 of the Company;

FOR the approval of the Company's 2013 Long-Term Incentive Plan; and

FOR the approval, on an advisory basis, of the compensation the Company's Named Executive Officers.

Table of Contents

For more information about these matters, please see **Item No. 1 - Election of Directors** on page 6, **Item No. 2 - Appointment of Auditors** on page 9, **Item No. 3 - Amendments to Articles of Amalgamation** on page 10, **Item No. 4 - Confirmation of Amendments to By-Law No. 1** on page 10, **Item No. 5 - Approval of the 2013 IMAX Long-Term Incentive Plan** on page 11 and **Item No. 6 - Advisory Vote on Named Executive Officer Compensation** on page 17.

How do you Revoke your Proxy?

Any proxy given pursuant to this solicitation may be revoked by the person giving it any time before the Special Meeting by depositing an instrument in writing (including another proxy) executed by the shareholder or the shareholder's attorney authorized in writing at: (i) the registered office of the Company, IMAX Corporation, 2525 Speakman Drive, Mississauga, Ontario, Canada, L5K 1B1, Attention: Corporate Secretary, at any time up to and including 10:00 a.m., (Eastern Time), on the last business day prior to the date of the Special Meeting or any adjournment or postponement thereof; or (ii) with the chairman of the Special Meeting on the day of the Special Meeting or at any adjournment or postponement thereof; or (iii) in any other manner permitted by law, including attending the Special Meeting in person. If you revoke your proxy and do not replace it with another form of proxy that has been properly deposited, you may still vote Common Shares registered in person at the Special Meeting.

Confidentiality of Voting

Computershare counts and tabulates proxies in a manner that preserves the confidentiality of your votes. Proxies will not be submitted to management unless:

there is a proxy contest;

the proxy contains comments clearly intended for management; or

it is necessary to determine a proxy's validity or to enable management and/or the Board of Directors to meet their legal obligations to shareholders or to discharge their legal duties to the Company.

Solicitation of Proxies

While management intends to solicit most proxies by mail, some proxies may be solicited by telephone or other personal contact by directors, officers or employees of the Company. Directors, officers and employees will not receive any additional compensation for such activity. The Company will, upon request, pay brokers and certain other persons who hold the Company's Common Shares for others their reasonable expenses for sending proxy materials to the beneficial owners of the Company's Common Shares. The cost of solicitation will be borne by the Company. While the Company has not chosen to engage the services of a proxy solicitor to aid in the solicitation of proxies and verify records relating to the solicitation at this time, should the Company decide to do so, it will bear all costs of such solicitation.

VOTING BY BENEFICIAL HOLDERS

Copies of this solicitation have been distributed to your broker, bank or other intermediary who are required to deliver them to, and seek voting instructions from, beneficial holders (shareholders who hold Common Shares in street name). Intermediaries often use a service company such as Broadridge Investor Communications (Broadridge) to forward meeting materials to beneficial holders. If you are a beneficial holder, you can vote your Common Shares through your intermediary by following the instructions your intermediary provides you with or at the Special Meeting. As a beneficial holder, while you are invited to attend the Special Meeting, you will not be entitled to vote at the Special Meeting unless you make the necessary arrangements with your intermediary to do so.

Voting in Person

A beneficial holder who receives a Voting Instruction Form and who wishes to attend and vote at the Special Meeting in person (or have another person attend and vote on his or her behalf), should strike out the appointees named in the Voting Instruction Form and insert his or her name (or such other person's name) in the blank space provided **and** follow the corresponding instructions provided by the intermediary.

Voting through an Intermediary

Through an Intermediary - As a beneficial holder, you will be given a Voting Instruction Form by your intermediary which must be submitted in accordance with the instructions provided by the intermediary. You must follow the intermediary's instructions (which allow the completion of the Voting Instruction Form by mail, telephone or internet). Occasionally, as a beneficial holder you may be given a form of proxy that has been signed by the intermediary and which is restricted to the number of Common Shares owned by you as the beneficial shareholder but that is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete the form of proxy and vote by following the instructions provided by the intermediary.

Mail - You may vote by completing, dating and signing the Voting Instruction Form and promptly returning it in the preaddressed envelope provided to you for receipt by no later than 10:00 a.m. (Eastern Time) on June 6, 2013 or on the third last business day prior to any postponed or adjourned meeting.

Telephone - You may vote by telephone from within the United States or Canada by calling the toll free number shown on the Voting

Table of Contents

Instruction Form no later than 10:00 a.m. (Eastern Time) on June 6, 2013, or on the third last business day prior to any postponed or adjourned meeting. **Please refer to the 12 digit control number provided on the Voting Instruction Form.**

Internet - If your intermediary is registered with Broadridge, whom we have retained to manage beneficial holder internet voting, you may vote over the internet by following the login and voting instructions on your Voting Instruction Form no later than 10:00 a.m. (Eastern Time) on June 6, 2013 or on the third last business day prior to any postponed or adjourned meeting. **Please refer to the 12 digit control number provided on the Voting Instruction Form.**

U.S. Householding

Some brokers, banks or other intermediaries may be participating in the practice of householding proxy circulars and annual reports. This means that only one copy of the Circular and the annual report may have been sent to multiple shareholders in the same household. Each shareholder will continue to receive a separate Voting Instruction Form. The Company will promptly deliver a separate copy of either document to you if you request one by writing or calling as follows: IMAX Corporation, 110 East 59th Street, Suite 2100, New York, New York, U.S.A. 10022, Attention: Investor Relations at 212-821-0100. If you want to receive separate copies of the Circular and the annual report in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your intermediary.

Information for U.S. Beneficial Holders

If you are a U.S. beneficial holder with an intermediary, you must instruct your U.S. intermediary how to vote your Common Shares. If you do not provide voting instructions, your Common Shares will not be voted on any proposal on which the U.S. intermediary does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your Common Shares as being present at the Special Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required.

If you do NOT mark on the proxy how you intend to vote on a particular matter, your broker is entitled to vote your Common Shares as he or she sees fit with respect to routine matters such as the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's auditors. However, your proxyholder does not have discretionary authority to vote on the election of the nominees named in this Circular as directors, on the amendments to Articles of Amalgamation, on the confirmation of amendments to By-Law No. 1, on the approval of the 2013 Long-Term Incentive Plan, on the advisory vote on executive compensation, or with respect to other matters which may properly be brought before the Special Meeting, if your proxy does not specify how you intend to vote on any particular matter. Accordingly, if you are a U.S. beneficial holder it is particularly important that you instruct your U.S. intermediary how you wish to vote your Common Shares.

**VOTING REQUIREMENTS TO APPROVE MATTERS TO BE DISCUSSED AT
THE 2013 ANNUAL AND SPECIAL MEETING**

Matter	Vote Required	Broker Discretionary Voting Allowed
Election of Nominees for the Board of Directors	Majority of Votes Cast at the Special Meeting	No
Appointment of PricewaterhouseCoopers LLP	Majority of Votes Cast at the Special Meeting	Yes
Amendments to Articles of Amalgamation	Majority of no less than two-thirds (66-2/3%) of Votes Cast at the Special Meeting	No
Confirmation of Amendments to By-Law No. 1	Majority of Votes Cast at the Special Meeting	No
Approval of 2013 Long-Term Incentive Plan	Majority of Votes Cast at the Special Meeting	No
Advisory Vote on Named Executive Officer Compensation	Majority of Votes Cast at the Special Meeting	No
Withheld/Abstentions or broker non-votes are counted for purposes of establishing a quorum, but they are not counted as votes cast for or against a proposal.		

Quorum

The Special Meeting requires a quorum, which for the purposes of the Special Meeting means:

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at least two persons personally present, each being a shareholder entitled to vote at the Special Meeting or a duly appointed proxyholder for a shareholder; and

persons owning or representing by proxy not less than 33 1/3% of the total number of Common Shares entitled to vote at the Special Meeting.

As of April 12, 2013, the Company had 66,873,851 Common Shares issued and outstanding, each carrying the right to one vote at all meetings of the shareholders of the Company.

Table of Contents**PROCEDURE FOR CONSIDERING SHAREHOLDER PROPOSALS FOR THE COMPANY'S 2014 ANNUAL MEETING**

If a shareholder wishes to propose any matter for a vote by the Company's shareholders at the Company's 2014 annual meeting of shareholders, he or she must send his or her proposal to the Corporate Headquarters of the Company at IMAX Corporation, 2525 Speakman Drive, Mississauga, Ontario, Canada, L5K 1B1, Attention: Corporate Secretary. The Company may omit the proposal from next year's proxy circular and proxy statement under applicable Canadian corporate law and U.S. securities laws if it is not received by the Company's Corporate Secretary at the address noted above by December 23, 2013.

SHAREHOLDER COMMUNICATION

Shareholders or other interested parties wishing to communicate with the Board of Directors, or any individual director, may do so by sending a written communication to IMAX Corporation, 2525 Speakman Drive, Mississauga, Ontario, Canada, L5K 1B1, addressed to the Board of Directors or any individual director, Attention: Corporate Secretary. The Secretary forwards all such communications to the Board of Directors.

PRINCIPAL SHAREHOLDERS OF VOTING SHARES

The Company is not aware of any persons who as of April 12, 2013 beneficially owned or exercised control or direction over more than 5% of the Company's Common Shares other than:

Name and Address of Beneficial Owner of Common Shares	Amount and Nature of Beneficial Ownership of Common Shares	Percentage of Outstanding Common Shares
Douglas Group	9,236,447 ⁽¹⁾	13.8%
Kevin and Michelle Douglas		
James E. Douglas, III		
K&M Douglas Trust		
Douglas Family Trust		
James Douglas and Jean Douglas Irrevocable Descendants Trust		
KGD IDGT		
MMD IDGT		
KGD 2010 Annuity Trust III		
MMD 2010 Annuity Trust III		
125 E. Sir Francis Drake Blvd., Suite 400, Larkspur, CA 94939		
Frontier Capital Management Co., LLC	3,611,598 ⁽²⁾	5.4%
99 Summer Street, Boston, MA 02110		

The percentage of outstanding Common Shares is based on dividing the number of Common Shares beneficially owned by such person by 66,873,851 Common Shares outstanding as of April 12, 2013.

- (1) Based solely on information reported in an amended Schedule 13G filed jointly by Kevin Douglas, Michelle Douglas, James E. Douglas, III, K&M Douglas Trust, Douglas Family Trust and James Douglas & Jean Douglas Irrevocable Descendants Trust on February 14, 2013, with the SEC. As reported in such filing, Kevin Douglas has shared voting power with respect to 6,448,161 Common Shares. Kevin Douglas and his wife, Michelle Douglas, hold 3,801,068 Common Shares jointly as the beneficiaries and co-trustees of the K&M Douglas Trust. In addition, Kevin Douglas and Michelle Douglas are co-trustees of the James Douglas and Jean Douglas Irrevocable Descendants Trust, which holds 2,584,441 Common Shares. Kevin Douglas may be deemed to have shared voting/dispositive power over the 62,652 Common Shares held by an intentionally defective grantor trust (the KGD IDGT). Michelle Douglas may be deemed to have shared voting/dispositive power over the 62,652 Common Shares held by an intentionally defective grantor trust (the MMD IDGT). Kevin Douglas has shared dispositive power with respect to 9,173,795 Common Shares. Kevin Douglas also has shared dispositive power with respect to 923,645 Common Shares held by James E. Douglas, III and 1,801,989 Common Shares held by the Douglas Family Trust.
- (2) Based solely on information reported in a Schedule 13G filed by Frontier Capital Management Co., LLC (Frontier) on February 14, 2013 with the SEC. As reported in such filing, Frontier has sole voting over 2,255,760 Common Shares and sole dispositive power over

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3,611,598 Common Shares. Frontier does not hold shared voting/dispositive power with respect to any Common Shares.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Board of Directors will submit to the shareholders at the Special Meeting the consolidated financial statements for the fiscal year ended December 31, 2012 and the auditors' report thereon. A copy of these financial statements and the auditors' report is included in the Annual Report on Form 10-K, which is being mailed to the Company's shareholders together with this Circular.

Table of Contents**MATTERS TO BE CONSIDERED AT THE 2013 ANNUAL AND SPECIAL MEETING****Board of Directors Recommendations for your Vote**

The following is a summary of matters to be considered at the Special Meeting together with the Board of Directors' unanimous recommendations for your votes.

Item No.	Board Recommendation
1. Election of the Four Nominees as Directors	FOR
2. Appointment of PricewaterhouseCoopers LLP as the Company's Independent Auditors	FOR
3. Approval of Amendments to Articles of Amalgamation	FOR
4. Confirmation of Amendments to By-Law No. 1	FOR
5. Approval of the 2013 Long-Term Incentive Plan	FOR
6. Advisory Vote on Named Executive Officer Compensation	FOR

Item No. 1 ELECTION OF DIRECTORS

The Company's articles provide that the Board of Directors may be comprised of a minimum of one and a maximum of 15 directors, with the actual number determined from time to time by resolution of the Board of Directors. Currently, the Board of Directors has fixed the number of directors at nine.

The Board of Directors is currently divided into three classes, each of which serves for a three-year term. The Board of Directors is currently composed of Neil S. Braun, Eric A. Demirian, Richard L. Gelfond, Garth M. Girvan, David W. Leebron, I. Martin Pompadur, Marc A. Utay, and Bradley J. Wechsler. At the Special Meeting, the term of Class III directors expires. The term of Class II directors expires in 2014. The term of Class I directors expires in 2015. If the proposed amendments to the Company's Articles of Amalgamation are approved at the Special Meeting, the term of all classes of directors will expire at the annual meeting of shareholders in 2014.

Recent changes to the Toronto Stock Exchange (the "TSX") rules relating to the election of directors now require annual elections for each director if permitted under a company's articles, however, the Company's Articles of Amalgamation currently provide for three classes of directors, each of which serves for a three-year term. At the Special Meeting, shareholders will be asked to approve amendments to the Company's Articles of Amalgamation, including the provision for annual election of all directors. If the proposed amendments to the Company's Articles of Amalgamation are approved at the Special Meeting, all directors will be elected on an annual basis beginning at the 2014 annual meeting of shareholders. If the amendments are not approved, the Company's Board of Directors will continue to be composed of three classes, each for a three-year term.

In any election or appointment of a director to fill a vacancy created by any director ceasing to hold office, the election or appointment shall be for the unexpired term of the director who has ceased to hold office. If the number of directors is changed, any increase or decrease shall be apportioned among the classes of directors in such a manner as will maintain or attain, to the extent possible, an equal number of directors in each class of directors. If such equality is not possible, the increase or decrease shall be apportioned among the classes of directors in such a manner that the difference in the number of directors in any two classes shall not exceed one.

Majority Voting Policy

The Company is a Canadian corporation. Under securities and corporate laws in Canada, voting for directors by shareholders of a public corporation is based on plurality voting, allowing for the election of directors on an individual basis or by slate. Shareholders of the Company elect directors individually using plurality voting. Plurality voting allows a shareholder to vote for a director nominee or withhold his or her vote. To be elected, a majority of the votes cast must be in favor of the election of each nominee. Withheld votes are not counted as votes cast. The Company has not adopted a majority voting policy for director elections at uncontested meetings. The Board of Directors believes that a majority voting policy is unsuitable for the Company given its structure, size and needs and could put the Company at risk of losing directors with particular experience or expertise. It is important that the Board members have complementary skills so that the Board of Directors as a whole functions well. It is also important to avoid the risk of votes being withheld by shareholders for political or other reasons not related to the discharge of duties by the individual directors. For these reasons, the Company believes that plurality voting promotes a process pursuant to which independent Board members perform a serious analysis of the needs of the Company and the best candidates to act as directors.

Nominees for Election

Shareholders who wish to have the Board of Directors consider the nomination of any person for director at the 2014 annual meeting of shareholders should communicate with the Company's Corporate Secretary at the Company's corporate office, see description in "Nomination Process" on page 45.

At the Special Meeting, shareholders will be asked to approve the election of directors by ordinary resolution, which requires that a majority of the votes cast at the Special Meeting be in favor of the resolution. **In the absence of any instruction on the accompanying Form of Proxy, it is the intention of the persons named by management in the Form of Proxy to vote the Common Shares represented by the proxy in favor of the resolution. Voting WITHHOLD is the equivalent to voting ABSTAIN . If any of the**

Table of Contents

nominees is for any reason unable to serve as a director, proxies in favor of management will be voted for another nominee in their discretion unless the shareholder has specified in the Form of Proxy that such shareholder's Common Shares are to be withheld from voting on the election of directors.

The Company retained Spencer Stuart & Associates (Canada) Ltd. in 2012 and 2013 to assist with the identification and evaluation of potential nominees for the Company's Board of Directors. Spencer Stuart recommended Mr. MacMillan for consideration by the Governance & Nominating Committee.

Messrs. Gelfond, Pompadur and Wechsler are to be nominated for election to the Board of Directors of the Company in Class III. Mr. MacMillan is to be nominated for election to the Board of Directors of the Company in Class II.

The Board of Directors unanimously recommends a vote FOR the election of each of these nominees as directors.

The nominees for election as directors have indicated to the Company that they will serve if elected. Each director elected will hold office until the earlier of the expiry of the term for which he has been elected; until his successor is elected or appointed; or until the date of his resignation or termination.

The following table lists certain information concerning the persons to be nominated for election to the Board of Directors of the Company in Classes II and III, and the directors whose terms continue after the Special Meeting.

	Current Position with the Company
Nominees for Election as Class III Directors for the Term Expiring in 2016	
Richard L. Gelfond , 57, New York, New York, U.S.A.	Director
<p>Mr. Gelfond assumed the role of sole Chief Executive Officer of the Company in April 2009. Mr. Gelfond served as Co-Chairman of the Company with Mr. Wechsler from June 1999 to March 2009 and Co-Chief Executive Officer with Mr. Wechsler from May 1996 to March 2009. From March 1994 to June 1999, Mr. Gelfond served as Vice Chairman of the Company. Mr. Gelfond serves as Chairman of the Board of Trustees of the Stony Brook Foundation, Inc., which is affiliated with Stony Brook University.</p> <p>Mr. Gelfond is a member of the board of directors of the Atlantic Counsel. He is also a Member of the Motion Picture Academy of Arts & Science. Mr. Gelfond served as the Chairman of the Columbia Shuttle Memorial Trust Steering Committee, which was established in co-operation with NASA to support the families of the seven crew members of the STS-107 mission of the Space Shuttle Columbia, which came to a tragic end on February 1, 2003. Mr. Gelfond's long service as Chief Executive Officer of the Company (formerly Co-Chief Executive Officer), as well as his marketing, financial, legal and capital markets expertise, combined with his extensive knowledge of the business, operations and domestic and international markets of the Company and his relationships with studios, exhibitors and senior management with the Company, are valuable assets to the Board. Due to Mr. Gelfond's long-time leadership role in the Company and in the marketplace, he brings to the Board a practical understanding of the organization, its processes, strategy, risk management and optimal methods to drive change and growth.</p>	
I. Martin Pompadur , 77, New York, New York, U.S.A.	Director
<p>I. Martin Pompadur has been a director of the Company since September 2010. Mr. Pompadur is the Chairman of Metan Development Group (Metan). Metan was created to develop and distribute entertainment content for the Chinese's market and also to develop and distribute entertainment content in China for global audiences. In June 1998, Mr. Pompadur joined News Corporation as Executive Vice President of News Corporation, President of News Corporation Eastern and Central Europe and a member of News Corporation's Executive Management Committee. He was appointed Chairman of News Corp. Europe in January 2000, a position he held until 2008. Mr. Pompadur was Chairman and Chief Executive Officer of RP Companies from 1982 to 2007 and has held executive positions at several other media companies including American Broadcasting Companies, Inc. Mr. Pompadur is the principal owner of Caribbean International News Corporation and Montana Coffee and is Chairman of Metan Media, a TV production/media company in China. Mr. Pompadur serves on the board of Nexstar Broadcasting Group Inc. and is Senior Advisor to Oliver Wyman and Global Vice Chairman Media and Entertainment, Macquarie Capital Advisors. Mr. Pompadur serves as Chairman of the Company's Option & Compensation Committee. Mr. Pompadur brings to the Board his broad international perspective gained from many years of experience as a senior executive and board member of large media companies. Mr. Pompadur's deep knowledge of business development and media strategy is a valuable addition to the Board.</p>	

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Bradley J. Wechsler, 61, New York, New York, U.S.A.

Director

Bradley J. Wechsler assumed the role of sole Chairman of the Company's Board of Directors in April 2009. Mr. Wechsler served as Co-Chief Executive Officer of the Company with Mr. Gelfond from May 1996 to March 2009. From March 1994 to June 1999, Mr. Wechsler served as Chairman of the Company and served as Co-Chairman with Mr. Gelfond from June 1999 to March 2009. Mr. Wechsler serves on the boards of Math for America, the Ethical Culture Fieldston Schools, Apollo Investment Corporation and Assay Healthcare Solutions. Mr. Wechsler also serves on the board of the NYU Hospital and Medical Center, where he is a Vice Chairman and member of the Executive Committee. Mr. Wechsler is a Member of the Motion Picture Academy of Arts & Science. Mr. Wechsler's long service as Co-Chief Executive Officer of the Company, as well as his financial, legal and capital markets expertise, combined with his extensive knowledge of the business and operations of the Company are valuable assets to the Board. Due to Mr. Wechsler's long-time leadership role in the Company and in the marketplace, he brings to the Board a practical understanding of the organization, its processes, strategy, risk management and the optimal methods to drive change and growth. In addition, Mr. Wechsler brings particular expertise in board leadership and governance given his long service as Co-Chairman of the Board.

Table of Contents

	Current Position with the Company
Nominee for Election as a Class II Director for the Term Expiring in 2014	
Michael MacMillan , 56, Toronto, Ontario, Canada	n/a
<p>Michael MacMillan is Chief Executive Officer of Blue Ant Media, a Canadian media company which he co-founded in 2011. Blue Ant has an ownership interest in eight Canadian specialty television channels, as well as digital media properties and magazines. Mr. MacMillan was Chairman and/or CEO of Alliance Atlantis Communications from 1998 to 2007. Mr. MacMillan co-founded Atlantis Films Limited in 1978 which acquired Alliance Communications in a reverse takeover in 1998 and the company subsequently became Alliance Atlantis Communications. Mr. MacMillan retired from Alliance Atlantis in 2007 after selling the company to Canwest Communications and Goldman Sachs. In 2007, he also co-founded, and serves as Chair of Samara, a think tank that works to strengthen political engagement in Canada through innovative research and educational programs. Mr. MacMillan is a director of Knowledge First Financial. Additionally, Mr. MacMillan is co-founder and co-owner of Closson Chase, a vineyard and winery in Prince Edward County, Ontario, Canada. He has additionally volunteered with numerous community and industry organizations over many years, and is currently involved with Open Roof Films, Human Rights Watch, Civix and the Toronto East General Hospital, amongst other organizations. Mr. MacMillan is a Canadian citizen. Mr. MacMillan's extensive experience in the entertainment industry brings additional expertise to the Board. Mr. MacMillan will qualify as an independent director within the meaning of Section 303A of the NYSE Listed Company Manual.</p>	
Directors who Continue in Office after the Special Meeting	
Neil S. Braun , 60, New York, New York, U.S.A.	2015
<p>Neil S. Braun has been a director of the Company since June 2003 and is the Dean of Pace University's Lubin School of Business and a member of the University Operating Committee. Mr. Braun held the position of Chief Executive Officer of The Carbon Neutral Company from 2008 to June 2010 and Chairman & Chief Executive Officer of The GreenLife Organization from 2007 to 2008. Mr. Braun held the position of President, Distribution & Marketing of Starz Media after it acquired IDT Entertainment in August 2006, President, Feature Films and Television of IDT Entertainment from 2005 to 2007 and the President of Vanguard Animation, LLC from 2001 to 2005. He was the President of Vast Video Inc. prior to this and was President of iCast Corporation a wholly-owned subsidiary of CMGI, Inc. during 1999. From 1994 to 1998, Mr. Braun was President of NBC Television Network. Mr. Braun also sits on the Share our Strength and Westhampton Beach Performing Arts Center boards of directors, both non-profit organizations. He serves as the Chairman of the Audit Committee of Share our Strength and is the President of the Board of Directors of the Westhampton Beach Performing Arts Center. Prior to 1994, Mr. Braun was the Chairman and CEO of Viacom Entertainment, the COO of Imagine Films Entertainment and Senior Vice President of Home Box Office Inc. Mr. Braun has received his Certificate of Director Education through the National Association of Corporate Directors and is a member of KPMG Audit Committee Institute. Mr. Braun is a former director of the GreenLife Organization (2007-2008) and The Carbon Neutral Company (2008-2010). Mr. Braun is a member of the Company's Audit and Governance & Nominating Committees. Mr. Braun's experience as a senior executive of a number of entertainment, technology and other companies as well as his current role as business school dean allows him to provide valuable insight into issues and opportunities facing the Company and has given him financial expertise which is valuable to the Audit Committee.</p>	
Eric A. Demirian , 54, Toronto, Ontario, Canada	2014
<p>Eric A. Demirian has been a director of the Company since September 2010. Mr. Demirian is President of Parklea Capital Inc. Prior to Mr. Demirian's position at Parklea Capital he held the position of Executive Vice President of Group Telecom from 2000 to 2003. Mr. Demirian's previous positions include, partner and head of Information and Communication Practice at PricewaterhouseCoopers (1983-2000) and internal auditor at the Ontario Lottery and Gaming Corporation (1980-1983). Mr. Demirian serves on the boards and is the chair of the audit committee of Descartes Systems Group and Enghouse Systems Ltd. Mr. Demirian is a former director and chair of the audit committee of Leisure Canada Inc. (2010-2011), Menu Foods Income Fund (2005-2010) and Keystone North America Inc. (2007-2010). Mr. Demirian is also on the board of Delego Software Inc., a privately owned software company. Mr. Demirian is a Canadian citizen. He is a Chartered Accountant and a Certified General Accountant. Mr. Demirian's accounting experience combined with his substantial business and transaction experience make him well suited to assist the Board in its assessment of financial and accounting matters. With his strong financial background, Mr. Demirian serves as the Chair of the Audit Committee and meets the SEC definition of an Audit Committee financial expert. Mr. Demirian is a member of the Company's Option & Compensation Committee.</p>	
Garth M. Girvan , 64, Toronto, Ontario, Canada	2015

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Garth M. Girvan has been a director of the Company since March 1994 and is a partner of McCarthy Tétrault LLP, one of Canada's largest law firms. Mr. Girvan is also a director of Entertainment One Ltd. Mr. Girvan is a member of the Company's Governance & Nominating Committee. Mr. Girvan is a former director of Corby Distilleries Limited (1998-2007). Mr. Girvan is a Canadian citizen. Mr. Girvan brings to the Board his extensive background as legal counsel to public and private companies, including having provided recognized leadership in complex public and private equity and debt financings, which makes him well-suited to assist the Board in addressing the legal, financial and governance issues which it faces.

David W. Leebron, 58, Houston, Texas, U.S.A.

2015

David W. Leebron has been a director of the Company since September 2003 and has been the President of Rice University since July 1, 2004. Prior to July 1, 2004, Mr. Leebron held the position of Dean and Lucy G. Moses Professor of Law at Columbia University School of Law since 1996 and Professor of Law since 1989. Mr. Leebron is on the Council on Foreign Relations, and on the board of the Greater Houston Partnership and the board of KIPP Foundation. Mr. Leebron serves as Chairman of the Governance & Nominating Committee of the Company and is a member of the Company's Audit Committee. Mr. Leebron brings his broad legal experience, leadership and management skills as President of Rice University and former Dean of Columbia Law School to the Board which makes him well suited to assess legal risks and other challenges faced by the Company, as well as to apply his experience to governance issues facing the Board.

Table of Contents

Directors who Continue in Office after the Special Meeting	Expiry of Term of Office
Marc A. Utay , 53, New York, New York, U.S.A.	2014

Marc A. Utay has been a director of the Company since May 1996 and has been the Managing Partner of Clarion Capital Partners, a private equity investment firm, since November 1999. Prior to joining Clarion, Mr. Utay was a Managing Director of Wasserstein Perella & Co. Inc. and a member of Wasserstein Perella's Policy Committee. Mr. Utay was co-head of Wasserstein Perella's Leveraged Finance, Retailing and Media, Telecommunication and Entertainment groups. Until December 2002, Mr. Utay was also a Senior Advisor to Dresdner Kleinwort Wasserstein. From 1992 to 2012, Mr. Utay was a director of P&F Industries, Inc. and served as P&F Industries Lead Independent Director from 2010 to 2012. Mr. Utay is a member of the Company's Option & Compensation Committee. Mr. Utay is a seasoned entrepreneur who has more than 25 years of experience in investment banking and in direct investment in public and private companies and funds. He also brings particular expertise to the Board in the areas of financial planning, the capital markets and operating experience that strengthens the Board's skill in those areas.

Item No. 2 APPOINTMENT OF AUDITORS

At the Special Meeting, the shareholders will be asked to approve the appointment of PricewaterhouseCoopers LLP, Chartered Accountants (PwC), as auditors of the Company to hold office until the close of the next annual meeting of shareholders at a remuneration rate to be fixed by the Board of Directors.

Shareholders will be asked to approve the appointment by ordinary resolution, which requires that a majority of the votes cast at the Special Meeting be in favor of the resolution. Voting WITHHOLD is the equivalent to voting ABSTAIN. In the absence of any instruction on the accompanying Form of Proxy, it is the intention of the persons named by management in the Form of Proxy to vote the Common Shares represented by the Form of Proxy in favor of the resolution.

Representatives of PwC are expected to be present at the Special Meeting and to be available to respond to appropriate questions and to make a statement if they desire to do so.

PwC are the principal independent accountants of the Company. PwC has been the auditors of the Company for more than five years. The following table presents fees for professional services rendered by PwC for the audit of the Company's annual financial statements for the years ended December 31, 2012 and December 31, 2011, and fees billed for other services rendered by PwC during those periods.

Type of Fees	2012 (\$)	2011 (\$)	Description of Fees
Audit Fees	1,377,907	1,349,955	For professional services rendered by PwC in connection with the audit of the Company's financial statements included in the Company's Annual Report on Form 10-K and of the Company's internal control over financial reporting, the review of Company's financial statements included in the Company's Quarterly Reports on Form 10-Q, and for services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years.
Audit-Related Fees	233,952	458,394	For professional services rendered by PwC in connection with assurance and related services that are reasonably related to the performance of the audit or review of financial statements and which includes consultations concerning financial accounting and reporting standards and review of regulatory matters. In 2012, audit-related fees consisted primarily of consultation concerning financial accounting and reporting standards and procedures and review of regulatory matters.
Tax Fees	202,382	191,358	For professional services rendered by PwC in connection with tax compliance, tax advice, and tax planning. In 2012, tax fees consisted primarily of the tax advice related to the establishment of proper transfer pricing relationships and documentation for the Company's China operations including indirect tax advice, and for the preparation of tax returns for certain of the Company's foreign subsidiaries and partnerships, including related tax advice.
All other fees	Nil	Nil	PwC performed no services in 2012 or 2011 other than services reported under Audit Fees, Audit-Related Fees and Tax Fees.

Total	1,814,241	1,999,707
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Audit Committee s Pre-Approval Policies and Procedures

All audit-related services and all other permissible non-audit services provided by PwC were pre-approved by the Audit Committee. Prior to engagement, the Audit Committee pre-approves independent registered public accounting firm services within each category and the fees for each category are budgeted. The Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget to the extent that actual fees exceed budgeted fees by a set amount. The Audit Committee reviews all actual fees at year end. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engagement of the independent registered public accounting firm to the extent that the fees involved exceed a set amount. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Table of Contents

Item No. 3 AMENDMENTS TO ARTICLES OF AMALGAMATION

At the Special Meeting, the shareholders will be asked to approve the amendments to the Articles of Amalgamation of the Company.

Summary of Proposed Amendments

Recent changes to the Toronto Stock Exchange rules governing the election of board of directors now require annual elections for each director if permitted under a company's articles, however, the Company's Articles of Amalgamation currently provide for three classes of directors, each of which serves for a three-year term. At the Special Meeting, shareholders will be asked to approve amendments to the Company's Articles of Amalgamation, including the provision for annual election of all directors. If the proposed amendments to the Company's Articles of Amalgamation are approved at the Special Meeting, all directors will be elected on an annual basis beginning at the 2014 annual meeting of shareholders.

In addition, the proposed amendments to the Articles of Amalgamation expand the list of cities in which meetings of shareholders may be held to include Santa Monica, California, U.S.A.

Shareholders will be asked to approve the amendments to the Articles of Amalgamation by special resolution, which requires that a majority of no less than two-thirds (66-2/3%) of the votes cast at the Special Meeting be in favor of the special resolution. Voting **WITHHOLD** is the equivalent to voting **ABSTAIN**. If approved by the holders of the Common Shares, the amendments to the Articles of Amalgamation will become effective upon filing with the Director under the *Canada Business Corporations Act*. **In the absence of any instruction on the accompanying Form of Proxy, it is the intention of the persons named by management in the Form of Proxy to vote the Common Shares represented by the Form of Proxy in favor of the special resolution.**

The Board of Directors asks its shareholders to vote FOR the following special resolution at the Special Meeting:

RESOLVED that the shareholders approve the amendments to the Articles of Amalgamation of the Company by deleting Schedule II thereof and replacing that schedule with the following:

SCHEDULE II

1. The number of directors of the Corporation at any time shall be such number within the minimum and maximum number of directors set forth in the articles of the Corporation as is determined from time to time by resolution of the directors in light of the Corporation's contractual obligations in effect from time to time.
2. Subject to the *Canada Business Corporations Act* and the Corporation's contractual obligations then in effect, the directors may fill any vacancies among the directors, whether arising due to an increase in the number of directors within the minimum and maximum number of directors set forth in the articles of the Corporation or otherwise.
3. Directors elected at a meeting of shareholders will hold offices until the next annual meeting of shareholders or until their successors are elected or appointed.
4. Meetings of shareholders may be held in New York, New York; Los Angeles, California; Santa Monica, California; San Diego, California; Chicago, Illinois; Houston, Texas; San Antonio, Texas; Dallas, Texas; Philadelphia, Pennsylvania; Phoenix, Arizona; Detroit, Michigan; and Washington, DC; or in any place in Canada that the directors from time to time determine.

Item No. 4 CONFIRMATION OF AMENDMENTS TO BY-LAW NO. 1

At the Special Meeting, the shareholders will be asked to confirm the amendments to By-Law No. 1 of the Company by way of repeal and replacement.

Summary of Amendments

On April 9, 2013, the Board of Directors repealed By-Law No. 1 of the Company and adopted a new replacement By-Law No. 1, a copy of which is attached as Appendix A to this Circular. The amendments to By-Law No. 1 are mainly housekeeping in nature to: remove references to Co-Chief Executive Officers; update references to Board of Director committees and the independence requirements for members of certain

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Board committees; clarification of certain procedural matters concerning meetings of shareholders and of the Board of Directors; the methodology of payments of dividends; and the addition of language regarding execution of instruments by electronic means.

The confirmation of the amendments to By-Law No. 1 by way of repeal and replacement require the approval of shareholders by ordinary resolution, which requires that a majority of the votes cast at the Special Meeting be in favor of the resolution. Voting **WITHHOLD** is the equivalent to voting **ABSTAIN**. **In the absence of any instruction on the accompanying Form of Proxy, it is the intention of the persons named by management in the Form of Proxy to vote the Common Shares represented by the Form of Proxy in favor of the ordinary resolution.**

Table of Contents

The Board of Directors asks its shareholders to vote FOR the following resolution at the Special Meeting:

RESOLVED that the repeal and replacement of By-Law No. 1 of the Company with the amended By-Law No. 1 attached on Appendix A to the proxy circular of the Company dated April 24, 2013 is confirmed.

Item No. 5 APPROVAL OF THE 2013 IMAX LONG-TERM INCENTIVE PLAN

Introduction

On the recommendation of the Company's Option & Compensation Committee (the Compensation Committee), the Board of Directors approved the 2013 IMAX Long-Term Incentive Plan (IMAX LTIP), subject to approval by the Company's shareholders at the Special Meeting. The IMAX LTIP will replace the Stock Option Plan, which was last approved by shareholders in 2008 (the SOP).

The IMAX LTIP was primarily established to promote the long-term success of the Company and to increase shareholder value by providing eligible employees, officers, directors and consultants of the Company with incentives that align their interests with shareholders' interests and that contribute to the long-term growth and profitability of the Company. In addition, the IMAX LTIP is intended to affect the Company's pay for performance philosophy that benefit the shareholders of the Company by providing a means to attract, retain and motivate highly qualified individuals who are in a position to make significant contributions to the Company.

Shareholder approval of the IMAX LTIP is required under the rules of the New York Stock Exchange (the NYSE). In addition, shareholder approval is necessary to provide the Compensation Committee with the flexibility to grant certain awards that qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code.

If approved by shareholders, the IMAX LTIP will become effective immediately and no further option awards will be granted under the SOP. Stock option awards granted under the SOP prior to this date will remain outstanding in accordance with their terms. If the IMAX LTIP is not approved, the SOP will remain in effect, unchanged and available for new grants to the extent that new Common Shares are available.

Management's Support of the IMAX LTIP

The IMAX LTIP is key to the Company's pay for performance philosophy. The IMAX LTIP provides for the grant of stock options, restricted shares, restricted share units and performance stock and units. Adopting the IMAX LTIP will align the interests of the Company's employees and shareholders by ensuring a link between employees' compensation and the performance of the Company. If the IMAX LTIP is approved by shareholders, it will enable the Compensation Committee to continue to grant equity-based compensation awards that promote the Company's long-term success and increase shareholder value by rewarding executives for actions that enhance long-term shareholder returns. Equity incentive awards are a key component of the Company's pay for performance philosophy.

The IMAX LTIP is instrumental in attracting, retaining and motivating top talent. Attracting, retaining and motivating talented executives and employees are essential to executing the Company's business strategy. Equity-based awards are highly valued by Company employees. Executive and key employee turnover is low, which, in part, reflects the success and retention value of the long-term equity compensation program.

The IMAX LTIP permits multiple award types. The IMAX LTIP permits the issuance of options, restricted shares and other types of equity and cash incentive grants, subject to the share limits set forth in the plan. These varied award types will enable the Compensation Committee to tailor awards in light of evolving compensation strategies as well as the accounting, tax and other standards applicable at the time of grant, all of which have evolved over time and are likely to continue to evolve in the future.

The IMAX LTIP does not feature an evergreen provision, in contrast to the current Stock Option Plan. The number of authorized Common Shares under the IMAX LTIP is fixed at 4.5 million (4,500,000). The IMAX LTIP therefore does not contain an evergreen feature that would cause the number of Common Shares to automatically replenish in future years as the number of Common Shares outstanding increases as does the SOP, which allows the Company to issue up to 20% of the Company's Common Shares outstanding. As of April 12, 2013, the Company had approximately 7,204,754 Common Shares available for issuance under the SOP, which is approximately 10.8% of the Company's Common Shares outstanding. Consequently, if the IMAX LTIP were approved, less equity would be authorized for issuance than under the existing SOP.

The Company's burn rate is within industry standards. The Company's equity grant practices are within industry standards. The Company's historical three-year average burn rate of 2.7%, which is the the number of Common Shares subject to equity award divided by the Company's weighted average of Common Shares outstanding, measures the potential dilutive impact of new equity grants. The Company's historical burn

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rate is below Institutional Investor Service's prescribed industry cap of 6.3% for companies that share the Company's Global Industry Classification Standard (GICS) code. The Company believes that burn rate is a relevant and objective measure of dilution for shareholders as it seeks to continue existing grant practices going forward.

Table of Contents

The IMAX LTIP has features that are responsive to shareholder concerns in key governance areas. Since shareholders approved the SOP, there have been a number of developments with respect to plan design and corporate governance practices that are included in the IMAX LTIP to ensure it is representative of the current market practice. These include:

Prohibition of re-pricing of stock options and stock appreciation rights (SARs). Re-pricings, exchanges or cash buyouts of underwater options and SARs are generally prohibited without prior shareholder approval, with customary exceptions for stock dividends or splits, reorganizations, recapitalizations and similar events.

No discounted stock options or SARs. Under the IMAX LTIP, all options and SARs must have an exercise price that is equal to or greater than fair market value of the Common Shares on the date of the option or SARs grant.

No evergreen feature. As noted above, the IMAX LTIP will provide for the grant of a set number of Common Shares rather than a percentage of the Company's outstanding Common Shares.

No liberal share counting provisions. In general, when awards granted under the IMAX LTIP lapse or are canceled, the Common Shares reserved for those awards will be returned to the share reserve and will be available for future awards. The IMAX LTIP, however prohibits liberal share counting provisions, such as counting only the net shares issued upon exercise of a stock option or adding back shares withheld for taxes upon exercise/vesting of an equity award under the IMAX LTIP.

Limitation on number of full-value awards. The IMAX LTIP limits the number of Common Shares available for full-value awards payable in the form of Common Shares to two million (2,000,000) of the 4.5 million (4,500,000) total number of Common Shares available for issuance under the IMAX LTIP. In the event that the Company exceeds the limit on full-value awards, it may issue additional full-value awards, but for every Common Share granted pursuant to a full-value award, the number of Common Shares available for issuance under the IMAX LTIP will be reduced by 2.5 Common Shares.

Recoupment. All awards under the IMAX LTIP will be subject to any applicable Company clawback policy in effect from time to time.

Administration requires independent oversight. The IMAX LTIP will be administered by the Compensation Committee, which is a committee consisting solely of independent Board members.

Summary of the 2013 Long-Term Incentive Plan

The following is a summary of the principal features of the IMAX LTIP. The summary does not purport to be complete and is qualified in its entirety by reference to the terms of the IMAX LTIP, a copy of which is attached to this Circular as Appendix B .

Administration

The IMAX LTIP will generally be administered by the Compensation Committee. All members of the Compensation Committee qualify as independent under the NYSE rules and Section 1.2 of Canadian National Instrument 58-101, and as outside directors under Section 162(m) of the Code. The Compensation Committee has the full authority to construe and interpret the IMAX LTIP, subject to its express provisions, including the authority to select the individuals who will receive awards under the IMAX LTIP, determine the number of Common Shares subject to an award, determine the terms and conditions of awards and approve the individual award documents delivered to individuals in connection with their awards. The Compensation Committee may delegate certain responsibilities and powers to a subcommittee or appropriate officers of the Company, subject to certain conditions, and may revoke the delegation of powers at any time.

Eligibility

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The Compensation Committee will have the authority to grant awards to officers, employees, directors, and consultants of the Company, its subsidiaries or affiliates. If the IMAX LTIP is approved by shareholders, approximately 100 employees, directors and consultants will be eligible to participate. The number of eligible participants is subject to change depending on the number of new hires, promotions, resignations and retirements that will occur during the term of the IMAX LTIP. The Compensation Committee may delegate its authority to grant awards (other than to executive officers) to a subcommittee or appropriate officers of the Company.

Number of Common Shares Available for Issuance

If this proposal is approved by shareholders, subject to adjustment in accordance with the IMAX LTIP, the maximum aggregate number of Common Shares of the Company that may be issued under the IMAX LTIP will be 4.5 million (4,500,000) Common Shares. Of these 4.5 million (4,500,000) Common Shares, the maximum number that may be granted pursuant to full-value awards (including restricted shares, restricted share units, performance stock and performance stock units) will be two million (2,000,000) Common Shares; notwithstanding this limit, the Compensation Committee may grant full-value awards covering greater than an aggregate of two million (2,000,000) Common Shares but, above this limit, for every one Common Share granted pursuant to a full-value award, the number of Common Shares available for issuance under the IMAX LTIP will be reduced by 2.5 Common Shares.

Common Shares covered by awards granted under the IMAX LTIP that are forfeited or cancelled or otherwise expire without having been exercised or settled generally will become available for issuance under a new award. In addition, if an award is settled through the payment of cash or other non-share consideration, the Common Shares subject to the award will become available for issuance pursuant to a new award. However, Common Shares that are tendered or withheld to pay the exercise price of an award or to satisfy tax withholding

Table of Contents

obligations will not be available for issuance pursuant to a new award. In addition, upon the cancellation of a stock appreciation right granted in tandem with an option or the cancellation of an option granted in tandem with a stock appreciation right no Common Shares will become available for issuance pursuant to a new award.

Types of Awards; Limits

The Compensation Committee may grant the following types of awards under the IMAX LTIP: options, restricted shares, restricted share units, performance stock, performance stock units, SARs, and other awards based on, or related to, Common Shares. The IMAX LTIP limits the number of specific types of awards that may be granted to any individual as follows:

the maximum number of Common Shares that may be issued pursuant to options and SARs granted to any eligible individual in any calendar year is one million (1,000,000) Common Shares; and

the maximum value of other types of awards that may be awarded to any eligible individual in any calendar year is five million dollars (\$5,000,000) measured as of the date of grant (with respect to awards denominated in cash) and one million (1,000,000) Common Shares measured as of the date of grant (with respect to awards denominated in Common Shares).

Stock Options. A stock option is the right to acquire Common Shares at a fixed exercise price for a fixed period of time. Under the IMAX LTIP, the Compensation Committee fixes the term of the options, which term may not exceed ten years from the date of grant.

The Compensation Committee may grant either incentive stock options or nonqualified stock options. As described below, incentive stock options entitle the participant, but not the Company, to preferential tax treatment. The Compensation Committee determines the rules and procedures for exercising options. The exercise price may be paid in cash, Common Shares, a combination of cash and Common Shares, through net settlement (meaning the Company withholds Common Shares otherwise issuable upon exercise to pay the exercise price), or by any other means authorized by the Compensation Committee, including cashless exercise, a procedure whereby vested Common Shares covered by the option are sold by a broker and a portion of the sale proceeds are delivered to the Company to pay the exercise price.

The exercise price is set by the Compensation Committee but cannot be less than 100% of the fair market value of Company Common Shares on the date of grant. Except in connection with a corporate transaction involving the Company, the exercise price of outstanding options or SARs may not be reduced without shareholder approval, and no option or SAR may be canceled in exchange for cash, options or SARs with a lower exercise price, or other awards.

Stock Appreciation Rights. SARs are awards that entitle the participant to receive an amount equal to the excess, if any, of the fair market value on the exercise date of the number of Common Shares for which the SARs is exercised over the grant price. The grant price cannot be less than 100% of the fair market value of Company's Common Shares on the date of grant. Payment to the participant on exercise may be made in cash or Common Shares, as determined by the Compensation Committee on or following the date of grant. The Compensation Committee fixes the term of the SARs, which term may not exceed ten years from the date of grant.

Restricted Shares. Restricted share awards are shares that are subject to cancellation, restrictions, and vesting (including performance-based vesting) conditions, as determined by the Compensation Committee. The restricted shares may be either granted or sold to the participant.

Restricted Share Units. Restricted share units entitle a participant to receive one or more Common Shares in the future upon satisfaction of vesting conditions determined by the Compensation Committee. The Compensation Committee determines whether restricted share units will be settled through the delivery of Common Shares, cash of equivalent value, or a combination of Common Shares and cash.

Performance Stock and Performance Stock Units. Performance stock and performance stock units entitle a participant to receive a target number of Common Shares if specified performance targets are achieved during a specified performance period. Actual payments to participants may be more or less than the specified target number of Common Shares depending on the achievement of the performance targets during the performance period. The performance targets and performance period are determined by the Compensation Committee and set forth in the applicable award document.

Cash Performance Units. Cash performance units entitle a participant to receive a target amount of cash if specified performance targets are achieved during a specified performance period. As with performance stock and performance stock units, the performance targets and

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performance period are determined by the Compensation Committee and set forth in the applicable award document.

Other Awards. The Compensation Committee also may grant other forms of awards that generally are based on the value of Common Shares. These other awards may provide for cash payments based in whole or in part on the value or future value of Common Shares, may provide for the future delivery of Common Shares to the participant, or may provide for a combination of cash payments and future delivery of Common Shares.

Section 162(m) Performance-Based Awards

The Compensation Committee may determine whether any award is a performance-based award for purposes of Section 162(m) of the Internal Revenue Code. Any awards designated to be performance-based compensation will be conditioned on the achievement of

Table of Contents

one or more specified performance goals established by the Compensation Committee at the date of grant. The performance goals will be comprised of specified levels of one or more of the following performance criteria, as the Compensation Committee deems appropriate: net income; cash flow or cash flow on investment; operating cash flow; pre-tax or post-tax profit levels or earnings; profit in excess of cost of capital; operating earnings; return on investment; free cash flow; free cash flow per share; earnings per share; return on assets; return on net assets; return on equity; return on capital; return on invested capital; return on sales; sales growth; growth in managed assets; operating margin; operating income; total shareholder return or stock price appreciation; EBITDA; EBITA; revenue; net revenues; market share; market penetration; productivity improvements; inventory turnover measurements; reduction of losses, loss ratios or expense ratios; reduction in fixed costs; operating cost management; cost of capital; and debt reduction, in each case, unless otherwise specified by the Compensation Committee determined in accordance with generally accepted accounting principles consistently applied on a business unit, subsidiary or consolidated basis or any combination thereof.

The performance goals may be described in terms of objectives that are related to the individual participant or objectives that are Company-wide or related to a subsidiary, region or business unit. Performance goals may be measured on an absolute or cumulative basis, or on the basis of percentage of improvement over time. Further, performance goals may be measured in terms of Company performance (or performance of the applicable subsidiary, region or business unit) or measured relative to selected peer companies or a market index.

The applicable performance goals will be established by the Compensation Committee within 90 days following the commencement of the applicable performance period (or such earlier or later date as permitted or required by Section 162(m)). Each participant will be assigned a target number of Common Shares or cash value payable if target performance goals are achieved. The Compensation Committee will certify the attainment of the performance goals at the end of the applicable performance period. If a participant's performance exceeds such participant's target performance goals, the number of Common Shares or the cash value payable under the performance-based award may be greater than the target number, but in no event can the amounts exceed the award limits described above. In addition, unless otherwise provided in an award agreement, the Compensation Committee may reduce the number of Common Shares or cash value payable with respect to a performance-based award even if the performance objectives are satisfied.

Amendment and Termination; Term

Generally, the Board of Directors may terminate, amend, modify, or suspend the IMAX LTIP at any time. The Company will obtain shareholder approval of any termination, amendment, modification, or suspension if required by applicable laws, rules or regulations (including NYSE and TSX rules). Subject to limited exceptions, no termination, amendment, modification, or suspension may materially impair the rights of a participant with respect to an outstanding award without the participant's consent. Unless terminated earlier, the IMAX LTIP will terminate in June 2023, on the tenth anniversary of the date on which it is approved by shareholders, and no additional awards may be granted after this date. Awards granted prior to this date will remain outstanding in accordance with their terms.

Change-in- Control

In the event of a transaction constituting a change-in-control of the Company (as determined by the Compensation Committee), the Compensation Committee may take steps it considers appropriate with respect to outstanding awards, including accelerating vesting, providing for deemed attainment of performance conditions, providing for the lapse of restrictions on an award, providing that outstanding awards will terminate or expire unless settled in full prior to a specified date, or terminating or cancelling any outstanding award in exchange for a cash payment. The treatment may be specified in the award document or determined at a subsequent time. In the absence of action by the Compensation Committee in the event of a change-in-control, the IMAX LTIP provides that awards granted pursuant to the IMAX LTIP, if assumed by the successor entity, will vest if the participant's employment or service relationship with the Company is terminated without cause or with good reason within twenty-four months following the change-in-control.

Termination of Employment

The Compensation Committee will specify, at or after the time of grant of an award, the effect, if any, that a participant's termination of employment or the participant's death or disability will have on the vesting, exercisability, settlement or lapse of restrictions applicable to an award. The treatment may be specified in the award document or determined at a subsequent time.