

IMAX CORP  
Form PRE 14A  
April 11, 2013  
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**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:

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- Definitive Proxy Statement
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**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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IMAX Corporation

2525 Speakman Drive

Mississauga, Ontario, Canada, L5K 1B1

Dear Shareholders:

April 11, 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<sup>(1)</sup> increased to \$54.3 million, or \$0.80 per diluted share, up 95% from 2011

The company turned free cash flow<sup>(1)</sup> 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.

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***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.

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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



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

**PRELIMINARY COPY**  
Definitive Copies are intended to be released  
to security holders on April 22, 2013.

**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 57<sup>th</sup> 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 11, 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.

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Preliminary Copy

**Definitive Copies are intended to be released to security holders**

**on April 22, 2013**

Proxy Circular

and

Proxy Statement

**IMAX CORPORATION**

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

tel: 905-403-6500 fax: 905-403-6540

[www.IMAX.com](http://www.IMAX.com)

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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 57<sup>th</sup> 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, the definitive proxy circular and proxy statement and the form of proxy (the "Form of Proxy") are intended to be released on or about April 22, 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 definitive proxy materials will be 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 11, 2013, the Company had 66,893,851 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:



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**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.

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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

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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**

<b>Matter</b>	<b>Vote Required</b>	<b>Broker Discretionary Voting Allowed</b>
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 11, 2013, the Company had 66,893,851 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 11, 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
<b>Douglas Group</b>	9,236,447 <sup>(1)</sup>	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		
<b>Frontier Capital Management Co., LLC</b>	3,611,598 <sup>(2)</sup>	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 66,893,851 Common Shares outstanding as of April 11, 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 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.

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

**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**

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**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.

	<b>Current Position with the Company</b>
<b>Nominees for Election as Class III Directors for the Term Expiring in 2016</b>	
<b>Richard L. Gelfond</b> , 57, New York, New York, U.S.A.	Director
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. 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.	
<b>I. Martin Pompadur</b> , 77, New York, New York, U.S.A.	Director
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 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.	

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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.

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	<b>Current Position with the Company</b>
<b>Nominee for Election as a Class II Director for the Term Expiring in 2014</b>	
<b>Michael MacMillan</b> , 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>	
<b>Directors who Continue in Office after the Special Meeting</b>	
<b>Neil S. Braun</b> , 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 &amp; Chief Executive Officer of The GreenLife Organization from 2007 to 2008. Mr. Braun held the position of President, Distribution &amp; 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 &amp; 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>	
<b>Eric A. Demirian</b> , 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 &amp; Compensation Committee.</p>	
<b>Garth M. Girvan</b> , 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.

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<b>Directors who Continue in Office after the Special Meeting</b>	<b>Expiry of Term of Office</b>
<b>Marc A. Utay</b> , 53, New York, New York, U.S.A.	2014
<p>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 &amp; 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&amp;F Industries, Inc. and served as P&amp;F Industries Lead Independent Director from 2010 to 2012. Mr. Utay is a member of the Company's Option &amp; 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.</p>	
<b>Item No. 2 APPOINTMENT OF AUDITORS</b>	

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.

<b>Type of Fees</b>	<b>2012 (\$)</b>	<b>2011 (\$)</b>	<b>Description of Fees</b>
<b>Audit Fees</b>	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.
<b>Audit-Related Fees</b>	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.
<b>Tax Fees</b>	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.
<b>All other fees</b>	Nil	Nil	PwC performed no services in 2012 or 2011 other than services reported under Audit Fees, Audit-Related Fees and Tax Fees.

<b>Total</b>	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.



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### **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.**

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**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 22, 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 11, 2013, the Company had approximately 7,212,529 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.

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*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

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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, shares, a combination of cash and shares, through net settlement (meaning the Company withholds 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 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 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



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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.

### ***Other Provisions***

***Recoupment.*** All awards granted under the IMAX LTIP, any payments made under the IMAX LTIP and any gains realized upon exercise or settlement of an award shall be subject to clawback or recoupment as permitted or mandated by applicable law, rules, regulations or any Company policy as enacted, adopted or modified from time to time.

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***Dividends and Dividend Equivalents.*** The Compensation Committee may provide participants with the right to receive dividends or payments equivalent to dividends or interest with respect to an outstanding award. Any such dividends or interest may either be paid currently or may be deemed to have been reinvested in Common Shares, and may be settled in Common Shares, cash, or a combination of cash and Common Shares. No payment of dividend equivalents may be made until the related award is vested. No dividends or dividend equivalents will be paid with respect to cash performance units, options or SARs.

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***Shareholder Rights.*** A participant will have no rights as a shareholder with respect to Common Shares covered by an award until the date the participant or his nominee becomes the holder of record of such Common Shares. Generally, no adjustment will be made for dividends or other rights for which the record date is prior to such date.

***Re-pricing of Options and Stock Appreciation Rights.*** The terms of outstanding awards may not be amended, without shareholder approval, to reduce the exercise price of outstanding options or SARs, or to cancel outstanding options or SARs in exchange for cash, other awards, or options or SARs with an exercise price that is less than the exercise price of the original options or SARs.

***Adjustments or Changes in Capitalization.*** In the event of a stock split, reverse stock split, stock dividend, extraordinary cash dividends, recapitalization, reorganization, liquidation, merger or other similar corporate event or distribution of stock or property affecting the Common Shares, the aggregate number of Common Shares available for issuance under the IMAX LTIP, the various IMAX LTIP limits, and the number of Common Shares subject to, and exercise or grant price of outstanding awards will be appropriately adjusted by the Compensation Committee in order to preserve the benefits or potential benefits intended to be made available to the participants.

***Limited Transferability.*** Generally, an award may only be transferred upon the participant's death to a designated beneficiary or in accordance with the participant's will or the laws of descent or distribution, and pursuant to a domestic relations order. The Compensation Committee also may permit limited transferability, generally to a participant's family member, a trust for the benefit of a family member, a charitable organization, or any other individual or entity permitted under law and the rules of the exchange that lists the applicable award.

### **Awards of Restricted Share Units Contemplated for 2013**

Management intends to recommend to the Compensation Committee that awards of restricted share units be granted to certain employees and consultants of the Company in June 2013, subject to approval of this proposal by shareholders. In connection with the IMAX LTIP, the Company intends to transition from equity grants consisting solely of stock options to a mix of equity grants, the majority of which would be restricted share units, while keeping the overall value of such grants consistent with historical practice.

If this proposal is not approved by the Company's shareholders, the restricted share unit awards will not be recommended or granted. However, the Compensation Committee will continue to have authority to grant additional option awards under the existing Stock Option Plan to the extent that Common Shares are available for issuance under that plan. If the IMAX LTIP is approved by shareholders, the Board of Directors will consider whether annual equity grants to Board members may be comprised of stock options and/or restricted share units.

### **U.S. Federal Income Tax Consequences**

The following is a brief description of the U.S. federal income tax consequences generally arising with respect to certain awards that may be granted under the IMAX LTIP based on current tax laws. The summary does not include any state, local or foreign tax laws. This discussion is intended for the information of shareholders considering how to vote at the Special Meeting and not as tax guidance to individuals who participate in the IMAX LTIP.

***Nonqualified Stock Options and Stock Appreciation Rights.*** A participant will not recognize taxable income upon the grant of a nonqualified stock option or SAR. The participant generally will recognize ordinary income upon exercise, in an amount equal to the excess of the fair market value of the shares received at the time of exercise (including any shares withheld by the Company to satisfy tax withholding obligations) over the exercise price.

***Incentive Stock Options.*** A participant will not recognize taxable income when an incentive stock option is granted or exercised. However, the excess of the fair market value of the covered shares over the exercise price on the date of exercise is an item of tax preference for alternative minimum tax purposes. If the participant exercises the option and holds the acquired shares for more than two years following the date of option grant and more than one year after the date of exercise, the difference between the sale price and exercise price will be taxed as long-term capital gain or loss. If the participant sells the acquired shares before the end of the two-year and one-year holding periods, the participant generally will recognize ordinary income at the time of sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option. Any additional gain will be capital gain, long-term if the shares have been held for more than one year.

***Restricted Shares.*** A participant will not recognize taxable income upon the grant of restricted shares. Instead, the participant will recognize ordinary income at the time of vesting equal to the fair market value of the shares received. Any subsequent gain or loss will be capital gain or loss, long-term if the shares have been held for more than one year. The participant may instead elect to be taxed at the time of grant. If the participant makes such an election, the one year long-term capital gains holding period begins on the date of grant.



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***Restricted Share Units and Performance Stock Units.*** A participant will not recognize taxable income upon the grant of restricted share units or performance stock units. The participant will recognize ordinary income at the time the Common Shares are delivered equal to the fair market value of the shares (or cash) received. Any subsequent gain or loss will be capital gain or loss, long-term if the shares have been held for more than one year.

***Tax Effect for the Company.*** The Company generally will receive a deduction for any ordinary income recognized by a participant with respect to an award. However, special rules limit the deductibility of compensation paid to the named executive officers (other than the Chief Financial Officer (the CFO)). Under Section 162(m) of the U.S. tax code, the annual compensation paid to these executive officers may not be deductible to the extent it exceeds \$1,000,000. The Company may preserve the deductibility of compensation over \$1,000,000 if certain conditions are met. These conditions include shareholder approval of the IMAX LTIP, setting limits on the number of shares that may be issued pursuant to awards, and, for awards other than options and SARs, establishing performance criteria that must be met before the award will be paid or vest. As described above, the IMAX LTIP has been designed to permit the Compensation Committee to grant awards that qualify as performance-based compensation for purposes of Section 162(m) and to exclude these awards from the \$1,000,000 calculation. However, the Compensation Committee may, in its discretion, grant equity awards that will not qualify as performance-based compensation and thus may not be deductible.

### **Canadian Federal Income Tax Consequences**

The following is a brief description of the Canadian federal income tax consequences generally arising with respect to certain awards that may be granted under the IMAX LTIP based on current tax laws. The summary does not include any provincial, territorial or foreign tax laws. This discussion is intended for the information of shareholders considering how to vote at the Special Meeting and not as tax guidance to individuals who participate in the IMAX LTIP. The summary assumes that the participants are employees at the time the awards are granted.

***Incentive Stock Options, Nonqualified Stock Options and Stock Appreciation Rights.*** A participant will not recognize taxable income upon the grant of an incentive stock option, nonqualified stock option or SAR. The participant generally will be required to include in income an amount equal to the excess of the fair market value of the Common Shares of the Company received at the time of exercise (including any shares withheld by the Company to satisfy tax withholding obligations) over the exercise or grant price. This amount is considered employment income for the year in which the options or rights are exercised. The participant may be entitled to a deduction for one-half of the amount included in income on the exercise of options in certain circumstances. In the case of SARs paid in cash, a further condition is that this deduction is available only if the Company has filed an election to forego a deduction by it of the cash payment.

***Restricted Shares and Restricted Share Units.*** In the case of restricted share units where the Common Shares of the Company are delivered within three years following the end of the year the units were granted, no amount is required to be included in a participant's income until such shares are delivered. At such time, an amount equal to the fair market value of the Common Shares received is included in the participant's employment income. Otherwise, a participant generally will be required to include in employment income, upon the grant of restricted shares or restricted share units, an amount equal to the fair market value of the restricted shares or restricted share units received. Such fair market value will be determined taking into account the vesting and other conditions. A participant may be entitled to an offsetting deduction if the vesting conditions for restricted share units are not met and the units are canceled. A participant whose restricted shares are canceled will be deemed to have disposed of the restricted shares to the Company, which may give rise to all or any combination of a deemed dividend, gain or loss.

***Performance Stock and Performance Stock Units.*** A participant will not recognize taxable income upon the grant of performance stock or performance stock units. The participant will be required to include in employment income, at the time the Common Shares of the Company are delivered, an amount equal to the fair market value of the Common Shares received.

***Cash Performance Units.*** If the performance period is more than three years, a participant will be required to include in employment income, upon the grant of cash performance units, an amount equal to the fair market value of the units at the time of grant. The participant may be entitled to an offsetting deduction if the performance targets are not met. If the performance period is three years or less, no amount is required to be included in a participant's employment income until the year the cash is received.

***Tax Effect for the Company.*** The Company generally will not be entitled to any deduction in computing its income in respect to an award granted or Common Shares delivered to a participant. However, the Company may be entitled to deduct cash payments made to a participant to the extent that the amount is reasonable in the circumstances and provided that, in the case of SARs paid in cash, the Company has not filed an election to forego a deduction by it of the cash payment.

***The forgoing is not to be considered as tax advice to any person who may be a participant in the plan and any such persons are advised to consult their own tax counsel. The forgoing is intended to be a general discussion and does not cover all aspects of an individual's unique tax situation such as the tax consequences of deferred compensation or state and local taxes.***



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**New Plan Benefits**

Because the granting of awards under the IMAX LTIP is completely within the discretion of the Compensation Committee, it is not possible to determine at this time the awards that may be made to officers or other employees under the plan in the future.

The IMAX Long-Term Incentive Plan requires 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**. If approved by the holders of the Common Shares the Long-Term Incentive Plan will become effective immediately. **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.**

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

**RESOLVED that the IMAX Corporation 2013 Long-Term Incentive Plan as set forth in Appendix B to the proxy circular of the Company dated April 22, 2013 be approved.**

**Item No. 6 ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION ( Say-on-Pay )**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables the Company's shareholders to vote to approve, on an advisory (nonbinding) basis, the compensation of the Company's Named Executive Officers as disclosed in this Circular.

As discussed in this Circular, the objectives of the Company's executive compensation program are to:

provide competitive compensation programs that consist of cash and equity-based components that appropriately encourage and reward performance and retention and that create enduring long-term shareholder value;

reward the Company's Named Executive Officers for their individual contributions to the success of Company;

link executive compensation to the Company's long-term strategic objectives; and

align executive officers' interests with shareholders' interests through an equity award framework that creates a sense of ownership and shared risk among executives.

Consistent with these goals and as discussed in the Compensation Discussion and Analysis below, the Company has structured its annual and long-term incentive based cash and non-cash compensation programs to motivate executives to achieve the business goals set by the Company, to reward the executives for achieving such goals and to encourage retention of executives beyond the current year. We encourage you to carefully review the Compensation Discussion and Analysis, the tabular compensation disclosures and the related narrative disclosures beginning on page 21 of this Circular for additional information about the Company's compensation programs, including information about the fiscal year 2012 compensation of the Company's Named Executive Officers.

The Company is asking its shareholders to indicate their support for the compensation of the Company's Named Executive Officers as described in this Circular. This proposal, commonly known as a "Say-on-Pay" proposal, gives the Company's shareholders the opportunity to express their views on the Company's Named Executive Officers' compensation. This Say-on-Pay vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this Circular.

The Board of Directors, including members of the Compensation Committee, considered the results of the 2011 shareholder Say-on-Pay vote at the June 1, 2011 Board of Directors' meeting. Over 92% of votes cast on the proposal approved the Company's compensation program as described in the Company's 2011 proxy circular. Because of this strong support of the Company's compensation program at the 2011 annual meeting, the Compensation Committee continued to apply the same principles in determining the amounts and types of executive compensation

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for 2012. At the 2012 annual meeting, shareholder support for the re-election to the Board of Directors for members of the Compensation Committee was somewhat lower than expected. Subsequently the Board of Directors approved certain changes to the executive compensation program, as described in Compensation Discussion and Analysis Assessment of Executive Compensation Program in 2012. Such changes include a new long-term incentive program designed to mitigate the risk profile of stock options, a prohibition on pledging and hedging the Company's securities, the anticipated implementation of new share ownership guidelines and the intention to eliminate guaranteed bonuses.

The Board of Directors, including members of the Compensation Committee, considered the results of the shareholder Say-on-Frequency vote at the June 1, 2011 Board of Directors meeting. Since a majority of the votes cast for the Say-on-Frequency vote expressed a preference for having the Say-on-Pay vote every two years, the Board of Directors determined that an advisory vote on executive officers' compensation would be conducted every second year, until the next vote on the frequency of such votes. Therefore, the Company's next Say-on-Pay vote will be held at the 2015 annual meeting of shareholders. The Company welcomes the input of its shareholders on its compensation policies and compensation program at any time, and not just during the year in which it conducts a Say-on-Pay vote.



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Shareholders will be asked to indicate their support for the compensation of the Company's Named Executive Officers, as discussed in this Circular by ordinary resolution, which requires that a majority of the votes cast at the Special Meeting be in favor of the resolution. Voting ABSTAIN is the equivalent to voting WITHHOLD. **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.**

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

**RESOLVED that the shareholders approve the compensation of the Company's Named Executive Officers, as discussed and disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosure set forth in the proxy circular of the Company dated April 22, 2013.**

Although the vote is advisory and non-binding in nature, the Board of Directors and the Compensation Committee will review the voting results and will consider shareholder views in connection with the Company's executive compensation program. If there are a significant number of negative votes, the Board of Directors and the Compensation Committee will seek to understand and consider the concerns that influenced the vote in making future decisions about executive compensation programs.

**EXECUTIVE OFFICERS**

The following table sets forth certain information regarding the executive officers of the Company as of April 11, 2013.

Name	Age	Position
Richard L. Gelfond	57	Chief Executive Officer & Director
Joseph Sparacio	53	Executive Vice President & Chief Financial Officer
Greg Foster	50	Chairman & President, IMAX Entertainment
Robert D. Lister	44	Chief Legal Officer & Chief Business Development Officer
Mark Welton	49	President, IMAX Theatres
David B. Keighley	64	Chief Quality Officer & President, David Keighley Productions 70MM Inc.
Larry O Reilly	50	Executive Vice President, Worldwide Sales
Brian Bonnick	56	Chief Technology Officer
Andrew Cripps	53	Executive Vice President & President, Europe, Middle East and Africa
Carrie Lindzon-Jacobs	36	Executive Vice President, Human Resources
G. Mary Ruby	55	Chief Administrative Officer & Corporate Secretary
Jeffrey Vance	41	Senior Vice President, Finance & Controller
Edward MacNeil	48	Senior Vice President, Finance

**Richard L. 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. Mr. Gelfond is a member of the board of directors of the Atlantic Council. 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.

**Joseph Sparacio** joined the Company in May 2007 as Executive Vice President and was appointed Chief Financial Officer ( CFO ) in August 2007. Prior to joining the Company, Mr. Sparacio served as Senior Vice President and Chief Financial Officer for the programming company iN Demand L.L.C. from June 2002 until his employment with the Company. From 1998 to 2002, Mr. Sparacio served as Vice President of Finance and Controller for Loews Cineplex Entertainment Corporation. From 1994 to 1998, Mr. Sparacio served as Vice President, Finance and Controller of Loews Theater Management Corp., and from 1990 to 1994, he served as Controller. Prior to joining Loews, Mr. Sparacio spent eight years with Ernst & Young. Mr. Sparacio is a certified public accountant and is a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants.

**Greg Foster** joined the Company in March 2001 as President, Filmed Entertainment, and was appointed Chairman & President, Filmed Entertainment in September 2004. In January 2013, Mr. Foster's title changed to Chairman & President, IMAX Entertainment as a result of a change in the title of the Filmed Entertainment department. Prior to joining the Company, Mr. Foster was Executive Vice-President of

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Production at MGM/UA. Prior to that, Mr. Foster held other senior positions including Senior Vice-President of Motion Picture Marketing Research during his 15 years at MGM/UA. In 1999, Mr. Foster founded uMogul, a financial services company and held the position of Chairman, Co-Founder and President.

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**Robert D. Lister** joined the Company in May 1999 as Senior Vice President, Legal Affairs & General Counsel, and was appointed Chief Legal Officer & Chief Business Development Officer in January 2012. Previous to that, Mr. Lister held the position of Senior Executive Vice President & General Counsel since December 2007 and has held various other positions within the Company including Executive Vice President, Business & Legal Affairs, Corporate Communications & General Counsel and Executive Vice President, Legal and Business Affairs & General Counsel. Prior to joining the Company, Mr. Lister was Vice President, General Counsel and Secretary of Clearview Cinemas, a film exhibitor, from March 1998 until his employment with the Company. Prior to that, Mr. Lister served as Associate General Counsel of Merit Behavioral Care Corporation, a behavioral healthcare company, from 1996 to 1998. Mr. Lister is a member of the Board of Directors of 3net, a joint venture of Sony, Discovery Communications, and the Company. Mr. Lister is a member of the New York State Bar Association.

**Mark Welton** joined the Company in July 1997 as Director, Business Affairs and was appointed President, IMAX Theatres in October 2011. Previous to that, Mr. Welton held the position of Executive Vice President, Corporate and Digital Development & Theatre Operation since April 2007 and has held various other positions within the Company including: Senior Vice President, Business Affairs; Senior Vice President, Theatre Operations; and Executive Vice President, Theatre Operations & General Manager, Digital. Prior to joining the Company Mr. Welton was an associate lawyer at the law firm Stikeman, Elliot from 1994 until his employment with the Company.

**David B. Keighley** joined the Company in February 1988 and was appointed Chief Quality Officer in October 2011. Previous to that, Mr. Keighley held the position of Executive Vice President of the Company since July 2007 and Senior Vice President from 1997 to 2007. Mr. Keighley is President of David Keighley Productions 70MM Inc., a subsidiary of the Company. Mr. Keighley is responsible for motion picture and digital post-production and image quality assurance.

**Larry O Reilly** joined the Company in March 1994 as the Sales Manager, Film Distribution and was appointed Executive Vice President, Worldwide Sales in October 2011. Mr. O Reilly held the position of Executive Vice President, Theatre Development from September 2004 to October 2011 and has held various other positions within the Company including Manager, Business Development, Film; Director, Strategic Partnerships; Director, Commercial Marketing: The Americas; Vice President, Sales, The Americas; and Senior Vice President, Theatre Development & Film Distribution.

**Brian Bonnick** joined the Company in January 1999 as Vice President, Research & Technology and was appointed Chief Technology Officer in October 2011. Previous to that, Mr. Bonnick held the position of Executive Vice President, Technology since June 2006 and held the position of Senior Vice President, Technology from August 2001 to June 2006. Prior to joining the Company, Mr. Bonnick was Vice President, Engineering and Operations for Electrohome Corporation. Prior to that Mr. Bonnick was Vice President and General Manager at TSB International Inc., a telecommunications company. Mr. Bonnick is registered as a professional engineer by the Association of Professional Engineers of Ontario.

**Andrew Cripps** joined the Company in February 2012 as Executive Vice President and serves as President, Europe, Middle East and Africa ( EMEA ). Prior to joining the Company, Mr. Cripps was President, Paramount Pictures International from 2007 to 2012. Prior to that Mr. Cripps held various positions at UIP, a joint venture distribution company between Paramount and Universal from 1986 to 2007 including President and COO, Vice-President, Sales, South East Asia, Senior Vice President, International Sales and Executive Assistant to the General Manager, Japan. Mr. Cripps is a member of the British Academy of Film and Television Arts and the Academy of Motion Picture Arts and Sciences. Mr. Cripps was a member of the Operating Committee and the Compensation Committee of United International Pictures from January 2007 to December 2011.

**Carrie Lindzon-Jacobs** joined the Company in May 2011 as Senior Vice President, Human Resources and was appointed Executive Vice President, Human Resources in May 2012. Prior to joining the Company, Ms. Lindzon-Jacobs was Head of Human Resources and Organizational Development at Courtyard Group from 2007 to 2011. Prior to that Ms. Lindzon-Jacobs held various positions at the Canadian Imperial Bank of Commerce (CIBC) from 2001 to 2007 including Head of Human Resources, Amicus (President's Choice Financial Banking) and concurrently Director, Human Resources, International Retail and Wealth Management. Ms. Lindzon-Jacobs is a member of the Human Resources Professional Association.

**G. Mary Ruby** joined the Company in October 1987 as Associate General Counsel and was appointed Chief Administrative Officer & Corporate Secretary in March 2011. Previous to that, Ms. Ruby held the position of Executive Vice President, Corporate Services (Legal, Human Resources and Administration) & Corporate Secretary since January 2008 and has held various other positions within the Company including Senior Vice President, Human Resources and Administration; Senior Vice President, Legal Affairs & Corporate Secretary; and General Counsel of the Company. Ms. Ruby is also Deputy General Counsel and acts as Corporate Secretary to the Board of Directors. In November 2004, Ms. Ruby was appointed by the Company's Audit Committee as Chief Compliance Officer, responsible for oversight of the Company's Whistle Blower Program. Ms. Ruby is a member of the Ontario Bar Association.

**Jeffrey Vance** joined the Company in October 2004 as Manager, Business Operations and was appointed Senior Vice President, Finance and Contoller in March 2011. Previous to that, Mr. Vance served as Vice President, Finance and Contoller since February 2008 and has held

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various other positions within the Company including Co-Controller and Director, Finance and Treasurer. Prior to joining the Company, Mr. Vance was employed in the Audit and Business Advisory Division at Arthur Andersen LLP from 1994 to 2002, most recently as Audit Manager, and was the Assistant Director, Financial Administration at FedEx Trade Networks Transport and Brokerage

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(Canada) Inc. from 2002 to 2003 and Eastern Region Controller and Manager of Administration at Comstock Canada Ltd. from 2003 to 2004. Mr. Vance is a member of the Canadian Institute of Chartered Accountants.

**Edward MacNeil** joined the Company in April 1994 as Director, Taxation & Treasury and was appointed Senior Vice President, Finance in August 2007. Mr. MacNeil served as interim Chief Financial Officer from August 2006 to August 2007 and has held various other positions within the Company including Director and Senior Vice President of Digital Projection Limited, a former subsidiary of the Company; and Vice President Finance, Tax and Special Projects. Prior to joining the Company, Mr. MacNeil was a Taxation Manager at PricewaterhouseCoopers. Mr. MacNeil is a member of the Canadian Institute of Chartered Accountants.

**2012 EQUITY COMPENSATION PLANS**

The following table sets forth information regarding the Company's Equity Compensation Plan as of December 31, 2012.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Stock Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Stock Options (\$/share)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,441,068	18.48	5,855,417
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>7,441,068</b>	<b>18.48</b>	<b>5,855,417</b>

**SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of the Company's Common Shares as of April 11, 2013 or as otherwise indicated in the notes below, including: (i) all persons to be nominated for election to the Board of Directors, individually; (ii) all directors and the Named Executive Officers, individually; and (iii) all directors and officers as a group. The Company's Named Executive Officers are the individuals who served during 2012 as Chief Executive Officers, Chief Financial Officer and the three most highly compensated executive officers of the Company, other than the Chief Executive Officers and the Chief Financial Officer, who were serving as executive officers as of December 31, 2012 (collectively, the Named Executive Officers).

Name of Beneficial Owner of Common Shares	Common Shares Beneficially			Percent of Outstanding Common Shares <sup>(2)</sup>
	Owned, Controlled or Directed <sup>(1)</sup>	Stock Options Exercisable within 60 days	Total	
Richard L. Gelfond	320,500 <sup>(3)</sup>	1,332,333	1,652,833	2.4%
Bradley J. Wechsler	277,800 <sup>(4)</sup>	374,000	651,800	1.0%
Neil S. Braun	5,000 <sup>(5)</sup>	24,000	29,000	*
Eric A. Demirian	Nil	34,108	34,108	*

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Garth M. Girvan	73,702 <sup>(6)</sup>	65,584	139,286	*
David W. Leebron	25,892 <sup>(7)</sup>	77,163	103,055	*
I. Martin Pompadur	Nil	34,108	34,108	*
Marc A. Utay	586,131 <sup>(8)</sup>	69,880	656,011	1.0%
Michael MacMillan	1,665 <sup>(9)</sup>	n/a	1,665	*
Joseph Sparacio	Nil	87,000	87,000	*
Andrew Cripps	Nil	100,000	100,000	*
Greg Foster	26,000 <sup>(10)</sup>	400,000	426,000	*
Robert D. Lister	9,000 <sup>(11)</sup>	56,000	65,000	*
All directors and executives	1,338,192	3,027,301	4,365,493	6.2%

\* Less than 1%

- (1) Statements as to securities beneficially owned by directors and executive officers, or as to securities over which they exercise control or direction, are based upon information obtained from such directors and executive officers and from records available to the Company.
- (2) The percent of outstanding Common Shares is based on dividing the number of Common Shares beneficially owned by the individual by 66,893,851 Common Shares outstanding as of April 11, 2013 adjusted for Common Shares issuable through the exercise of vested stock options held by such person, plus stock options held by such person that vest within 60 days of that date.
- (3) Mr. Gelfond has sole voting and dispositive power with respect to 300,400 Common Shares and shared voting and dispositive power with respect to 20,100 Common Shares.
- (4) Mr. Wechsler has sole voting and dispositive power with respect to 88,300 Common Shares and shared voting and dispositive power with respect to 189,500 Common Shares.
- (5) Mr. Braun has sole voting and dispositive power with respect to 5,000 Common Shares.
- (6) Mr. Girvan has sole voting and dispositive power with respect to 73,702 Common Shares.
- (7) Mr. Leebron has sole voting and dispositive power with respect to 24,592 Common Shares and shared voting and dispositive power with

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- respect to 1,300 Common Shares.
- (8) Mr. Utay has sole voting and dispositive power with respect to 541,131 Common Shares and shared voting and dispositive power with respect to 45,000 Common Shares.
- (9) Mr. MacMillan has sole voting power with respect to 1,665 Common Shares and shared dispositive power with respect to 1,665 Common Shares.
- (10) Mr. Foster has shared voting and dispositive power with respect to 26,000 Common Shares. As of April 11, 2013, Mr. Foster also had outstanding 50,000 SARs, which entitle Mr. Foster to receive cash from the Company for any increase in the fair market value of the Common Shares from the fair market value on the grant date to the date of exercise of the SARs. The SARs may be replaced by the Company, at its option, with stock options in certain circumstances and subject to certain restrictions.
- (11) Mr. Lister has sole voting and dispositive power with respect to 9,000 Common Shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ) requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities (collectively, the Reporting Persons ) to file reports of ownership on Form 3 and changes in ownership on Form 4 or Form 5 with the SEC. The Reporting Persons are also required by the Exchange Act to furnish the Company with copies of all Section 16(a) reports they file.

During the fiscal year ended December 31, 2012, one report on Form 4 was not timely filed by Marc A. Utay relating to the acquisition of 45,000 Common Shares by gift from a third party. Other than such report on Form 4, based solely upon a review of Forms 3, 4 and 5 (and amendments thereto) received from, or written representations by, the Reporting Persons, in respect of the fiscal year ended December 31, 2012, the Company believes that all other such reports were timely filed by the Reporting Persons.

**MANAGEMENT CEASE TRADE ORDER**

On April 3, 2007, certain directors, senior officers and certain former employees were prohibited from trading in the securities of the Company pursuant to management cease trade orders issued by the Ontario Securities Commission (the OSC ) and certain other provincial securities regulators in connection with the delay in filing certain of the Company's financial statements. All management cease trade orders were fully revoked on November 22, 2007.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

This Compensation Discussion and Analysis describes the material elements of the compensation program for the Company's Named Executive Officers and the rationale for the program elements and decisions for the year ended December 31, 2012. For 2012, the Company's Named Executive Officers were as follows:

Richard L. Gelfond, Chief Executive Officer ( CEO );

Joseph Sparacio, Executive Vice President & Chief Financial Officer;

Andrew Cripps, Executive Vice President, IMAX Corporation, and President, EMEA, IMAX International Sales Corporation;

Greg Foster, Chairman & President, IMAX Entertainment; and

Robert D. Lister, Chief Legal Officer & Chief Business Development Officer.

**Compensation Philosophy and Objectives**

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The following principles have guided the Company in developing its compensation programs and in determining total compensation levels for the Company's Named Executive Officers:

the Company must be prepared to compete with larger organizations with greater resources for executive talent, particularly in the competitive media and technology industries;

the Company's compensation practices should take into account the dynamic nature of the Company's business, its rapid rate of growth, global nature and diverse lines of business; and

the Company's compensation programs should encourage the Company's Named Executive Officers to increase long-term shareholder value in a manner that appropriately balances short-term growth objectives and does not create undue risk for the Company and its shareholders.

The Company's compensation philosophy is to attract and retain key talent, to motivate performance and achievement, to effect a pay for performance culture and to reward for superior performance. The objectives of the Company's compensation program are to:

provide competitive total compensation packages that include short-term cash and long-term equity-based incentive components that appropriately encourage and reward performance and retention and that create enduring long-term shareholder value;

reward the Company's Named Executive Officers for their relative individual contributions to the success of Company;

link executive compensation to the Company's long-term strategic objectives; and



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align executive officers' interests with shareholders' interests through an equity award framework that creates a sense of ownership and shared risk among executives.

Based on the foregoing philosophy and objectives, the Company has structured its annual short-term cash and long-term non-cash compensation programs to motivate executives to achieve the business goals set by the Company and reward the executives for achieving such goals.

**Assessment of Executive Compensation Program during 2012**

In order to remain up-to-date with evolving compensation standards, the Compensation Committee reviewed such standards and made recommendations regarding changes to the Company's executive compensation program to the Board of Directors. The approved changes are described below. All such changes will take effect in 2013. While the Company's overall compensation philosophy and objectives have remained consistent with prior years, the Company believes that the approved changes will help it to further effect that philosophy and those objectives.

***Adopt a New Long-Term Incentive Plan.*** The Compensation Committee and the Board of Directors have approved a new Long-Term Incentive Plan, the IMAX LTIP, which, if approved by shareholders, will allow the Compensation Committee to issue a number of different types of equity awards, including stock options, restricted share units and performance-based awards. The Compensation Committee believes that an omnibus plan allows the Company to make awards other than stock options that enhance alignment of executive compensation with shareholders' interests. In particular, if the IMAX LTIP is approved by shareholders, the Compensation Committee intends to consider grants of restricted share units to the Company's Named Executive Officers, which the Compensation Committee believes will help the Company retain and engage top talent by mitigating the higher risk profile of stock options. For a more detailed description of the IMAX LTIP and its benefits, please see Item No. 5. - Approval of the 2013 IMAX Long-Term Incentive Plan on page 11. In connection with the IMAX LTIP, the Company intends to transition from equity grants consisting solely of stock options to a mix of equity grants, the majority of which would be restricted share units, while keeping the overall value of such grants consistent with historical practice.

***Establish New Peer Group.*** Working with Mercer (US) Inc. ( Mercer ), the Compensation Committee established a new peer group of public companies for assessing executive compensation levels and mix in order to ensure that the Company's pay level and practices are competitive. For a description of the Company's new peer group, please see Comparator Group on page 24.

***Adopt Share Ownership Guidelines.*** The Company is in the process of implementing share ownership guidelines that will require key executives of the Company to accumulate and hold a meaningful ownership interest in the Company's Common Shares in order to more closely align interests between those executives and the Company's shareholders. See Share Ownership Guidelines on page 31.

***Prohibit Short Sales, Hedging and Pledging of Company Securities.*** The Company recently revised its Insider Trading Policy to prohibit officers, directors and employees from engaging in short sales of the Company's securities and from buying or selling puts or calls on, or any other financial instruments that are designed to hedge or offset decreases and increases in the value of, the Company's securities (including, but not limited to, derivatives, prepaid variable forward contracts, equity swaps, collars and exchange funds), that might otherwise be inconsistent with the alignment of executive officers' interests with shareholders' interests. The Insider Trading Policy also prohibits the pledging of Company securities as collateral for a loan, including through the use of margin accounts with a broker.

***Eliminate Guaranteed Bonuses.*** In 2013, the Company intends to amend its one employment agreement that provides for a minimum guaranteed bonus to eliminate such bonus. The Company does not intend to grant guaranteed bonuses to any of its employees in the future.

The Company and the Compensation Committee will continue to evaluate the effectiveness of the Company's compensation program and will make additional changes they deem necessary to ensure that the Company's compensation practices reflect the Company's pay for performance philosophy.

**Summary of 2012 Performance and Results**

The Company's financial performance in 2012 was very strong, with key highlights including the following:

increase in total revenues of 20% over prior year, to \$284.3 million;

increase in adjusted net income of 95% over prior year, to \$54.3 million, or \$0.80 per diluted share <sup>(1)</sup>;

IMAX DMR<sup>®</sup> box office growth of approximately 50%, to over \$620 million, driven by network growth and a global film portfolio; and

achievement of positive cash-flow, with free cash flow of \$38 million versus a loss of \$57 million in 2011<sup>(1)</sup>.

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

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In addition to these financial successes, the Company signed deals for 142 theater systems in 2012, 121 of which were for new theaters. With these new theater signings, the Company's backlog as of December 31, 2012, grew to 276 theater systems, from 263 theaters at the end of 2011. The Company also installed 107 new theaters in 2012, resulting in 20% year-over-year growth in the Company's commercial theater network. The Company believes that continued growth of its theater network positions the Company for continued financial success over the long term.

As a result of these achievements, the Company accomplished virtually all of its key objectives for 2012. In setting 2012 compensation, the Company took into account its success in accomplishing key objectives, increased size and significance of the Company's theater network and film slate, the Company's continued strong expansion of its international operations, the increased visibility of the IMAX brand, progress in the development of new technology and products, and the pursuit of new business opportunities. Accordingly, the Company's Named Executive Officers earned compensation for 2012 that was generally at or above the target compensation opportunities established for them. This result is consistent with the intent and design of the Company's variable pay programs, which link pay directly to improved operating results, and results in reduced compensation in years in which financial results do not meet expectations.

### **Executive Compensation Process**

#### ***Scope and Authority of the Compensation Committee***

The Compensation Committee is currently composed of Messrs. Pompadur (Chairman), Demirian and Utay, all of whom fulfill the independence requirements of Section 303A of the NYSE Listed Company Manual and Section 1.2 of Canadian National Instrument 58-101. These rules provide that an independent director be a person other than an officer or employee of the Company or any other individual having a material relationship that in the opinion of the Board of Directors would interfere with the exercise of independent judgment in carrying out the responsibilities of the director and sets forth specific categories of relationships that disqualify a director from being independent (any such director, an Independent Director).

The Compensation Committee operates under a written mandate, the Compensation Committee Charter, which was adopted by the Company's Board of Directors.

The Compensation Committee's responsibilities include (but are not limited to) the following:

preparing and approving the compensation package of the CEO;

reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and evaluating the performance of the CEO against these goals and objectives;

reviewing all new employment, consulting, retirement and severance arrangements for the CEO;

reviewing and approving, on an annual basis, the components and the amount of compensation paid to executive officers;

evaluating and making recommendations to the Board of Directors regarding the Company's equity-based and incentive compensation plans, policies and programs; and

reviewing this Compensation Disclosure and Analysis and recommending to the Board of Directors its inclusion in this Circular.

#### ***Role of the Compensation Committee in Determining CEO Compensation***

The Compensation Committee prepares and approves the compensation package of the CEO, including rendering decisions with respect to base salary, performance-based incentive compensation and long-term equity incentive compensation. In evaluating the CEO, the Compensation

Committee will consider:

the CEO's skill set, experience, historical performance and expected future contribution to the Company, and the impact on the Company if the CEO were to depart from employment with the Company;

the level of total compensation for the Company's other senior executives; and

as described below, pay information from other companies and published surveys and other public compensation disclosures as a general market reference.

***Role of the CEO in Executive Compensation Decisions***

The Board of Directors has determined that to best align executive compensation with shareholders' interests and the Company's business strategy, the CEO should make recommendations with respect to the equity and non-equity compensation of other Named Executive Officers given his familiarity with the Company's day-to-day operations and his insight into executive performance and what rewards and incentives are effective. Accordingly, each year, the CEO reviews the performance of each member of the executive team, including the Named Executive Officers, in consultation with other supervising executives, and reaches certain conclusions and recommendations based on these reviews, including with respect to base salary, performance-based incentive compensation and long-term equity incentive compensation. In evaluating a Named Executive Officer, the CEO will consider the following:

an individual's skill set, experience, historical performance and expected future contribution to the Company, and the impact on the Company if such individual would depart from employment with the Company;

actual and relative performance and contribution;

the level of total compensation for the Company's other senior executives; and

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as described below, pay information from other companies and in some cases, published surveys and other public compensation disclosures as a general market reference.

The Compensation Committee then reviews and approves the components and amount of compensation recommended by management and the compensation packages are implemented by the Company. In the event that the compensation package involves a decision to grant an equity award, any such award must be approved by the Board of Directors or the Compensation Committee.

***Role of Compensation Consultant***

Under the Compensation Committee Charter, the Compensation Committee is empowered to retain compensation consultants to assist the Compensation Committee in evaluating executive officer compensation and awards to be granted pursuant to the Company's long-term incentive plans. The Compensation Committee has the sole authority to retain and terminate compensation consultants and to review and approve such consultants' fees and other retention terms. The Compensation Committee also has the authority to obtain advice and assistance from internal or external advisors as it deems appropriate to assist the Compensation Committee in fulfilling its responsibilities. The Compensation Committee has the authority to request that any officer or employee of the Company or the Company's outside counsel attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee.

The Compensation Committee retained Mercer in 2012 to review the Company's compensation practices, particularly the mix of executive compensation pay levels and its long-term incentive program. In order to assess the competitiveness of the IMAX's executive compensation levels and mix, Mercer:

worked with the Company's management to develop a peer group of public companies (as further described below in "Use of Compensation Survey Data"); and

assessed executive pay levels and pay mix relative to market data derived from peer company proxy filings and published surveys.

With respect to the Company's long-term incentive program, Mercer:

analyzed the mix of long-term incentive vehicles used by comparator companies; and

assessed the Company's current program relative to comparator company practices, general market practice and the Company's business and human capital objectives.

In 2012, the Compensation Committee determined that Mercer is independent. The Compensation Committee considered the following six factors when reviewing Mercer's independence: (i) whether Mercer provided any other services to the Company; (ii) the amount of fees paid by the Company to Mercer as a percentage of Mercer's total revenue; (iii) the policies and procedures that have been adopted by Mercer that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the individual consultant from Mercer with a member of the Compensation Committee; (v) any business or personal relationship of the individual consultant with an executive officer of the Company; and (vi) whether the individual consultant owns any stock of the Company. The Compensation Committee has the sole authority to retain or terminate the services of its compensation consultant and to establish the fees paid to the consultant. In addition to services for the Compensation Committee, Mercer provided actuarial services to the Company in 2012 in connection with the Company's defined benefit pension plan, the Supplemental Executive Retirement Plan (the "SERP"), and external benchmarking of executive-level (non-Named Executive Officer) roles.

***Use of Compensation Survey Data***

In making compensation decisions, the Compensation Committee may from time to time consider and compare the form and level of compensation disclosed by other companies of similar size, industry or other characteristics to get a general understanding of the compensation structures maintained by these companies. In addition, the Compensation Committee periodically compares elements of total compensation against survey data provided by outside compensation consultants, proxy data and industry-specific published survey sources, which include data from the comparator companies. However, given the Company's diversified and highly unique businesses, the history of innovations behind its product offerings, and the global nature of its employee base and operations, the Compensation Committee believes it is difficult to make true

peer comparisons to the Company. As a result, while the Compensation Committee believes that external survey data is a useful tool in assessing executive compensation, it must be evaluated in the context of sound business judgment based on specific knowledge of the Company and its executive leaders.

***Comparator Group***

During 2012, Mercer, together with input from the Company's management and the Compensation Committee, worked to develop a new comparator group of 12 public companies (the Comparator Group). Data from the Comparator Group is used by the Company and the Compensation Committee to assess the magnitude of executives' pay, the pay mix, as well as general pay practices. The companies included in the Comparator Group are comprised of a mix of entertainment and technology companies. In particular, companies were selected that exhibit one or more of the following characteristics: (i) motion picture studio relationships; (ii) international revenue of at least 20%; (iii) average annual revenue growth of at least 10% over the last three years; and (iv) brand recognition among consumers. In addition, to ensure a comparison against organizations of a similar size, these groups include companies with revenues and/or market capitalization of one-third to three times the revenue and/or market

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capitalization of the Company. The companies in the Comparator Group identified by Mercer and the Company in 2012 are as follows:

DTS, Inc.	Corus Entertainment Inc.
TIVO Inc.	Take-Two Interactive Software, Inc.
RealD Inc.	Dolby Laboratories, Inc.
World Wrestling Entertainment, Inc.	Six Flags Entertainment Corporation
Rovi Corporation	Lions Gate Entertainment Corp.
DreamWorks Animation SKG, Inc.	Cinemark Holdings, Inc.

Based on its analysis of proxy data for executives in the Comparator Group, Mercer concluded that, with respect to the CEO’s 2012 compensation, the Company’s pay mix is consistent with market and that base salary, total cash compensation and total direct compensation all approximate the market median. With respect to the remainder of the Named Executive Officers, Mercer concluded that, on average, the Company’s pay was at the median for base salary, total cash compensation and total direct compensation, with some variation by individual. With respect to the pay mix of certain of the Named Executive Officers, Mercer concluded that the Company places less emphasis on long-term incentives than the market. Mercer therefore recommended increasing long-term incentive awards for those executives in order to increase the Company’s competitiveness and align the Company’s pay mix with the market. Finally, based on its analysis of the long-term incentives of the companies in the Comparator Group as well as general market practice and Company’s business and human capital objectives, Mercer recommended that the Company adopt a long-term incentive vehicle to provide additional forms of equity in addition to stock options. Consistent with Mercer’s recommendation, the Compensation Committee and the Board of Directors have approved and submitted for shareholder approval a new Long-Term Incentive Plan, which is described in further detail in Item No. 5. - Approval of the 2013 IMAX Long-Term Incentive Plan on page 11.

Going forward, the Company and the Compensation Committee, as applicable, intend to benchmark the magnitude of executives’ pay, as well as to assess pay mix and general pay practices against the comparator data from time to time as the Compensation Committee deems advisable in connection with setting pay, entering into new employment agreements or renewing existing employment agreements. While the Compensation Committee generally targets the 50th to 75th percentile with regard to total direct compensation for the Named Executive Officers, actual total direct compensation will depend on a variety of factors including performance, experience, tenure in position and critical skills.

***Employment and Change-in-Control Agreements***

Currently, the Company has written employment agreements with all of its Named Executive Officers, which are described in detail below in Employment Agreements and Potential Payments upon Termination or Change-in-Control on page 36. The Company believes that these agreements are critical to enable it to attract and retain talent, while still allowing the Compensation Committee and the CEO sufficient discretion to determine overall compensation in a given year. The employment agreements specify details of the approach to salary, bonus, equity awards, and restrictive covenants surrounding executive officer employment, including non-competition and non-solicitation provisions. Generally, the employment agreements were established at the time of hire and are amended from time to time to extend or modify the terms of employment, including to reflect a promotion or other change in job responsibility or to provide for additional equity awards and other items.

Certain of the employment agreements require that the Company make certain payments to the relevant Named Executive Officers in the event of a termination of employment for various reasons, including upon a change-in-control. The provisions setting forth certain payments upon a change-in-control are designed to promote stability and continuity of senior management in the event of a transaction involving a change-in-control of the Company. The Company’s severance and change-in-control benefits were determined on the basis of market practices in order to both provide this stability, as well as to provide a competitive overall compensation package to the Named Executive Officers.

During 2012, the Company entered into an employment agreement with Mr. Cripps and amended the employment agreements of Mr. Sparacio and Mr. Lister. For a description of the material terms of the Company’s employment agreement with Mr. Cripps, as well as the amendments to Mr. Sparacio’s and Mr. Lister’s employment agreements, please see Employment Agreements and Potential Payments upon Termination or Change-in-Control on page 36. There were no other new employment agreements or employment agreement amendments or renewals for the Named Executive Officers during 2012.

**Executive Compensation Components**

For the fiscal year ended December 31, 2012, the principal components of compensation for Named Executive Officers were:

base salary;

annual cash bonus awards;

long-term incentive compensation in the form of stock options;

retirement and pension plans; and

other personal benefits and perquisites.



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In establishing each component of a Named Executive Officer's compensation, the Compensation Committee is guided by the following principles:

as executives move to higher levels of responsibility with more direct influence over the Company's performance, they should have a higher percentage of pay at risk and tied to shareholder value. Accordingly, as executives become more senior, the percentage of their total direct compensation derived from base salary decreases;

as executives become more senior, a greater proportion of their overall compensation is derived from long-term incentive compensation rather than short-term compensation. The Company believes that this motivates executives to take actions that are most conducive to the Company's long-term growth and viability and helps ensure focus on the Company's long-term success; and

equity compensation should increase as salary grade levels increase. Since the Company's most senior executive officers are in positions that most directly impact the Company's performance, their focus should be to achieve sustainable growth and long-term profit for the Company. By awarding compensation in the form of equity, the Company believes that its compensation encourages executives to behave like owners and aligns executives' and shareholders' interests.

### ***Annual Base Salary***

The Company provides each of the Named Executive Officers, with a competitive fixed annual base salary to compensate them for services rendered during the fiscal year and to provide a base level of income and cash flow that is not subject to performance-related risk or discretion. The base salary for each of the Company's Named Executive Officers is specified in his employment agreement. In reviewing base salaries for the Named Executive Officers, the Company primarily considers: (i) the executive's position and responsibilities; (ii) the executive's capability, knowledge, skills and experience relative to the job requirements; (iii) market data for executives with similar responsibilities; (iv) the executive's actual and relative performance and contribution and; (v) other cash and non-cash components of the executive's total compensation. Base salary levels for Named Executive Officers are typically considered upon renewal of the Named Executive Officers' employment agreement or upon an amendment to the Named Executive Officer's employment agreement in connection with a promotion or other change in job responsibility. Base salary levels may be changed during the course of the year as the result of a promotion or other change in position or responsibility. In connection with the extension of his employment agreement, Mr. Sparacio's base salary was increased to \$425,000 effective May 14, 2012 and \$450,000 effective May 14, 2013. In connection with his promotion to the role of Chief Legal Officer & Chief Business Development Officer, Mr. Lister's base salary was increased to \$550,000 effective January 1, 2012 and to \$600,000 effective January 1, 2013.

### ***Performance-Based Incentive Compensation***

The Company has no pre-established policy or target, other than the general parameters described above, for the allocation between either cash and non-cash or short-term and long-term incentive compensation. The Company annually determines the appropriate level and mix of incentive compensation. Income from such incentive compensation is realized as a result of the performance of the Company or the individual, depending on the type of award, compared to established goals. Factors the Company considers in determining the appropriate mix of incentive compensation for the Company's employees, including the Named Executive Officers, include the ability to further corporate business objectives, particularly key strategic and operational initiatives, management and budgetary responsibility and level of seniority.

### ***Annual Cash Bonus Awards***

The Company provides its Named Executive Officers with competitive annual performance bonus opportunities as a percent of their salary through its management bonus plan (the Management Bonus Plan). The purpose of the Management Bonus Plan is to:

link annual cash compensation to the achievement of annual priorities and key objectives of the business, including overall company performance; and

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reward individual performance and contribution.

A key aspect of the Company's compensation philosophy is that as executives move to greater levels of responsibility, the percentage of their compensation that is at risk and that is based on performance increases. Therefore, as executives become more senior, the bonus opportunity comprises a larger portion of their total compensation.

In 2012, each of the Named Executive Officers, other than Mr. Gelfond, received cash bonuses under the Company's Management Bonus Plan. Awards under the Management Bonus Plan are determined based on achievement of corporate objectives and a qualitative evaluation of individual performance, and are discretionary, other than the minimum bonus guarantee to which Mr. Foster is contractually entitled as described below in Employment Agreements and Potential Payments upon Termination or Change-in-Control on page 36. The Company intends to eliminate any minimum bonus guarantees during 2013.

Bonuses are awarded based on the performance of the Company and the actual performance and relative contribution of the participating employee. Bonuses are determined following the review of both the financial performance of the Company for the applicable fiscal year and the executive's individual performance during the year. Generally, half of a participating Named Executive Officer's bonus will be based upon the Company's performance, while the remaining half is based upon the personal performance of the Named Executive Officer. The Company's assessment of its overall performance at year end considers the achievement of corporate financial, strategic and

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operational objectives including, but not limited to, income and revenue earned by the Company, theater signings and installations particularly under joint revenue sharing arrangements and in international markets, film performance, and technology development. The assessment of a Named Executive Officer's personal performance takes into account the level of achievement of certain individual goals and objectives which are determined on an annual basis by such Named Executive Officer in consultation with the CEO. Examples of individual goals and objectives include business targets, operating, strategic, budgetary and/or managerial goals.

The Company employs broad parameters rather than fixed formulas to assess both Company and individual performances and to make recommendations to the Compensation Committee for bonus amounts for the Named Executive Officers. While the Company does set specific corporate and personal objectives at the beginning of a given year, these objectives are not set quantitative targets but rather guidelines to be used in determining bonuses at year-end. Neither the Company nor the Compensation Committee is limited to considering these pre-determined objectives in assessing performance and neither is the failure nor success of any such objectives dispositive with respect to the final assessment of either Company or personal performance. Also, while employment agreements and employment arrangements generally set forth target and, in some cases, maximum bonuses, these targets are discretionary guidelines. The Company retains the discretion (unless otherwise contractually obligated) to recommend to the Compensation Committee no bonus, to recommend bonuses below the target or to recommend bonuses that exceed the target, in each case, as circumstances warrant. Similarly, the Compensation Committee retains the discretion to determine the final bonus amount notwithstanding the applicable targets. The Company believes that, at this time, a flexible annual bonus process is more appropriate and yields better results than setting fixed quantitative targets in advance since a flexible process allows the Company and the Compensation Committee to consider: (i) goals set by the Board of Directors and communicated to senior management at any point during the year; (ii) the effects of unanticipated events and circumstances on the Company's business or on a particular executive's performance; and (iii) the performance and contribution of the executive relative to other executives.

In assessing Company performance for 2012, the Compensation Committee considered the Company's meeting virtually all of its key objectives, strong financial performance, increased size and significance of the Company's theater network and film slate, the Company's continued strong expansion of its international operations, the increased visibility of the IMAX® brand, progress in the development of new technology and products and the pursuit of new business opportunities. For 2012, the Named Executive Officers received bonuses that represented the following percentages of their target bonus opportunities:

Named Executive Officer	2012 Bonus as Percentage of Target Bonus Opportunity
Richard Gelfond	113%
Joseph Sparacio	101%
Andrew Cripps	95%
Greg Foster	n/a
Robert D. Lister	114%

In assessing individual performance for 2012, the Company recognized Mr. Sparacio's efforts in connection with the increasing stability of the Company's financial controls, Mr. Lister's handling of the Company's legal, regulatory and public reporting matters and business development efforts, Mr. Foster's role in expanding the Company's strong relationships with Hollywood film distributors, and Mr. Cripps' role in the continued global expansion of the IMAX theater network. As a result of this assessment, each of Messrs. Sparacio, Cripps and Lister received bonuses greater than or roughly equal to their bonus targets. Mr. Foster's employment agreement does not set forth a target bonus opportunity.

The Compensation Committee is responsible for determining Mr. Gelfond's annual bonus based on its qualitative assessment of Company performance and his personal contribution to the Company's overall success. In awarding Mr. Gelfond's 2012 bonus, the Compensation Committee recognized the Company's strong financial performance in 2012, as well as the continued expansion of the worldwide IMAX theater network and the Company's continued success securing a robust slate of high-profile Hollywood films for release to IMAX theaters. As result of this assessment, Mr. Gelfond received a bonus that was slightly higher than his bonus target.

**Long-Term Incentive Compensation**

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The Company believes that long-term incentive awards are important in recognizing the scope of responsibilities, rewarding demonstrated performance, creating alignment between senior management and shareholders and in preserving the continuity of executive leadership through retention. The level of benefit received by the Company's executive officers is dependent, to a large degree, on the Company's execution of its strategy and on delivering significant and sustained growth.

The Company's long-term incentive compensation for certain employees, including each of the Named Executive Officers, has generally been provided through the grant of stock options with service-based vesting conditions (and, under certain limited conditions, SARs). The Compensation Committee believes that grants of stock options with service-based vesting conditions are appropriate vehicles for providing forward-looking incentives and retention to the continuing members of management. Stock option awards to Named Executive Officers have been granted as part of an annual grant to employees who participate in the Company's SOP, as described below, or pursuant to individual employment agreements.

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As part of its review of the Company's compensation practices in 2012, Mercer assessed the Company's long-term incentive compensation practices by analyzing the long-term incentive vehicles used by companies in the Comparator Group and assessing the Company's current long-term compensation program relative to practices of the companies in the Comparator Group, general market practice and the Company's business and human capital objectives. As a result of Mercer's assessment, the Compensation Committee determined that beginning in 2013, the Company should shift from its practice of issuing only stock options to a policy of issuing a mix of time-based restricted share units and stock options. As with stock options, restricted share units provide for forward-looking incentives and possess excellent retentive characteristics, but restricted share units may also help address a disconnect the Company has recently experienced between the cost incurred by the Company from the issuance of stock options and the value perceived by executives. In addition, because restricted share units (unlike stock options) retain value even if the Company's stock price has decreased from the time of their issue, the issuance of restricted share units will help the Company retain and engage top talent by mitigating the de-motivating impact of underwater stock options. Finally, since restricted share units retain value even while underwater, and are therefore expected to have a lower level of forfeiture, fewer restricted share units are granted relative to the number of stock options that may be granted. As a result, restricted share unit grants may be less dilutive than stock option grants. In connection with the new IMAX LTIP, the Company intends to transition from equity grants consisting solely of stock options to a mix of equity grants, the majority of which would be restricted share units, while keeping the overall value of such grants consistent with historical practice. The Compensation Committee will continue to evaluate the appropriateness of a performance-based long-term incentive plan for Named Executive Officers.

### ***Stock Options***

The Company maintains a stock option plan, the SOP, under which the Company has granted stock options to officers, employees, consultants and eligible directors (the SOP Participants) to purchase Common Shares on the terms and conditions set out thereunder. The Company grants stock options pursuant to the SOP to align executives' interests with those of the Company's shareholders over the long term. As further described in Item No. 5 - Approval of the 2013 IMAX Long-Term Incentive Plan on page 11, the Compensation Committee and the Board of Directors have approved the new IMAX LTIP from which, if approved by shareholders, the Company will grant stock options to SOP Participants beginning in 2013.

The SOP is administered by the Board of Directors which has delegated the responsibility of administering the SOP to the Compensation Committee. The Compensation Committee is currently composed of Messrs. Pompadur (Chairman), Demirian and Utay, all of whom are Independent Directors. The Compensation Committee is responsible for performing the functions required of it under the SOP, including the grant of stock options to SOP Participants under the SOP, subject to guidelines determined by the Company's Human Resources department and the Compensation Committee.

In determining the number of stock options to grant to the Named Executive Officers, the Company will from time to time consider and compare compensation disclosed by the Comparator Group to get a general understanding of the compensation structures maintained by similarly situated companies. Moreover, the Company periodically compares various elements of stock-based compensation against general survey data provided by outside consultants. In addition, consideration is given to each Named Executive Officer's actual performance and relative contribution, salary range, responsibility and the number of stock options granted to the Company's other executive officers. The Board of Directors or the Option Committee approves any stock option grant to a Named Executive Officer.

All awards of stock options are made with an exercise price equal to the fair market value of the Company's Common Shares on the date of grant. The fair market value of a Common Share on a given date means the higher of the closing price of a Common Share on the grant date (or the most recent trading date if the grant date is not a trading date) on the NYSE, the TSX or such other national exchange, as may be designated by the Company's Board of Directors. Stock options are generally exercisable for a maximum period of 10 years from the date of grant, subject to earlier termination if the SOP Participant's employment, consulting arrangement or term of office with the Company terminates. The Board of Directors or the Option Committee determines vesting requirements. If a Named Executive Officer's employment or term of office with the Company terminates for any reason, stock options which have not vested are generally cancelled 30 days after the termination date, subject to certain exceptions as further described in Employment Agreements and Potential Payments upon Termination or Change-in-Control on page 36. The Company accounts for stock-based payments to officers, employees and eligible directors in accordance with the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation-Stock Compensation (previously SFAS 123R).

Eligible newly hired or promoted executives receive their award of stock options as soon as practicable following their hire or promotion. With respect to the Company's Named Executive Officers, stock option awards are generally granted as part of an annual grant to numerous employees or in connection with employment agreement renewals.

Messrs. Gelfond, Cripps, Foster and Lister generally receive periodic stock option grants at the time of their employment agreement renewals. Mr. Sparacio receives stock option grants in connection with Company's annual grant of stock options to employees. Messrs. Sparacio, Cripps and Lister received stock option grants during 2012. In February 2012, in connection with his entry into an employment agreement with the Company, Mr. Cripps received a grant of 400,000 stock options, 100,000 of which will vest on the first four anniversary dates of his agreement.

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In January 2012, Mr. Lister received a grant of 100,000 stock options in connection with his promotion and the extension of his employment agreement through January 10, 2014, 20,000 of which vested in January 2013 and 40,000 of which

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will vest on the second and third anniversary of his agreement. In March 2013, Mr. Sparacio received a grant of 20,834 stock options in connection with the annual stock option grants to senior management.

### ***Stock Appreciation Rights***

In 2007, the Company issued SARs to certain of its executives pursuant to individual employment agreements. The use of SARs as a long-term incentive enabled the Company to preserve share capacity under the SOP while continuing to align employee incentives with the performance of the Company's Common Shares and shareholders' interests. The SARs entitle recipients to receive cash from the Company for any increase in the fair market value of the Common Shares from the fair market value on the date of grant to the date of exercise of the SARs. The terms of SARs granted to Named Executive Officers are described below in Employment Agreements and Potential Payments upon Termination or Change-in-Control. Factors the Company considered in deciding whether and how many SARs to grant to Named Executive Officers included the relevant Executive's role and responsibilities and the financial and accounting impact of the SARs on the Company.

The Company has the right but not the obligation, to cancel at any time, all or from time to time, any part of the existing SARs and to replace the cancelled SARs with stock options, or at the Company's discretion, restricted shares, in certain circumstances and subject to certain restrictions.

No SARs have been granted since 2007 and the Company currently has no intention to issue additional SARs in the future. Messrs. Foster and Lister are the only employees of the Company with SARs remaining.

### ***Retirement and Pension Plans***

The Company maintains an unfunded defined benefit pension plan, the SERP, covering Mr. Gelfond and the Company's former Co-CEO, Bradley Wechsler. The SERP provides for a lifetime retirement benefit from age 55 equal to 75% of the member's best average 60 consecutive months of earnings (base salary and cash bonus) over his employment history. The SERP was implemented by the Company in July 2000 pursuant to the employment agreements of Messrs. Gelfond and Wechsler. The benefits under the SERP for Mr. Gelfond are 100% vested.

Under the terms of the SERP, if Mr. Gelfond's employment is terminated other than for cause, he is entitled to receive SERP benefits in the form of a lump sum payment. SERP benefit payments to Mr. Gelfond are subject to a deferral for six months after the termination of his employment, at which time Mr. Gelfond will be entitled to receive interest on the deferred amount credited at the applicable federal rate for short-term obligations. The term of Mr. Gelfond's current employment agreement has been extended through December 31, 2013. In accordance with the terms of his employment agreement, any compensation earned by Mr. Gelfond during 2011, 2012 and 2013 would not be included in calculating his benefit payments under the SERP. In 2006, in order to reduce ongoing pension costs to the Company, Mr. Gelfond agreed to a reduction in the cost of living adjustment and surviving spouse benefits previously owed to him under the SERP, subject to the recoupment of a percentage of such benefits upon a change-in-control of the Company.

The 2012 Summary Compensation Table on page 32 presents, consistent with SEC rules, the 2012 change in pension value for Mr. Gelfond. This amount represents the change in the actuarial present value of his accumulated benefits under the SERP. The change in value presented in the 2012 Summary Compensation Table reflects a year-over-year update to applicable calculation assumptions from December 31, 2011 to December 31, 2012, including a decline in the relevant discount rate assumption resulting from a decline in market interest rates and the effect of a one-year delay in the benefit commencement date. The change in pension value presented in the 2012 Summary Comp Table represents actuarial calculations based upon an assumption of retirement as of December 31, 2012 and does not reflect actual assumptions used given his continued and expected employment beyond 2013. Mr. Gelfond's accumulated benefit under the SERP becomes payable only upon Mr. Gelfond's death, retirement or resignation, the termination of Mr. Gelfond's employment without cause or a change-in-control of the Company. The accumulated benefit under the SERP will ultimately be recalculated as of the date of the relevant termination event at which point assumptions such as the lump sum discount rates will be known and fixed under the SERP and the SERP benefit will become payable six (6) months thereafter. Mr. Gelfond has informed the Company that he does not currently intend to retire prior to the expiration of his current employment agreement on December 31, 2013.

The Company also maintains an unfunded post-retirement benefit plan covering Mr. Gelfond. The plan provides that the Company will maintain retiree health benefits for Mr. Gelfond, until he becomes eligible for Medicare and, thereafter, the Company will provide Medicare supplemental coverage as selected by Mr. Gelfond. Mr. Gelfond is fully vested in this plan.

The Company maintains defined contribution pension plans for all of its employees. Each of the Named Executive Officers participates in one of these plans under the same terms as other employees. The Company makes contributions to these pension plans on behalf of employees in an amount up to 5% of their base salary, subject to certain prescribed maximums. During the fiscal year ended December 31, 2012, the Company contributed an aggregate of \$20,000 to the Company's U.S. defined contribution employee pension plan under Section 401(k) of the U.S.

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Internal Revenue Code on behalf of Messrs. Gelfond, Sparacio, Foster and Lister and \$25,875 to the Company's UK defined contribution plan on behalf of Mr. Cripps.



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### ***Other Personal Benefits and Perquisites***

The Company provides all employees, including the Named Executive Officers, with personal benefits and modest perquisites that the Company believes are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior talent for key positions. The Company periodically reviews the levels of personal benefits and perquisites provided to the Named Executive Officers to ensure competitiveness and value to the employees. The Company does not provide significant perquisites to its Named Executive Officers.

The Named Executive Officers are provided either with use of Company automobiles or with car allowances.

Effective January 1, 2012, certain senior executives, including each of the Named Executive Officers other than Mr. Cripps, have participated in the Company's executive supplemental health reimbursement plan. The plan, which covers certain of the Company's senior executives located in the United States, provides expanded coverage and reimbursement of services not covered by the Company's medical, dental and vision plans.

Each Named Executive Officer is also entitled to receive a cash payment upon such executive's death through the Company's life insurance policies. In the event of the executive's death prior to actual retirement at age 65, the executive's designated beneficiaries would be entitled to receive a lump sum payment amount equal to two times his base salary, subject to prescribed maximums. In addition to its broader policy covering all Named Executive Officers, the Company has agreed to reimburse Mr. Gelfond for the premiums related to a \$15 million term life insurance policy that became effective in January 2010. In 2012, the Company reimbursed Mr. Gelfond for \$87,378 in annual premiums. This annual reimbursement will continue until such time as Mr. Gelfond receives his lump sum payment under the terms of the SERP. In addition, with respect to Mr. Foster, the Company pays the premiums associated with a \$3 million term life insurance policy for the duration of his employment, which amounts to approximately \$1,700 per year, as well as a fully-paid \$3.5 million whole life insurance policy for Mr. Foster, which amounts to approximately \$135,000 per year for a five year period that began in 2010.

In connection with the renewal of his employment agreement in 2010, the Company has agreed to reimburse Mr. Foster for reasonable expenses incurred in connection with his participation in an executive MBA program of Mr. Foster's choice. No amounts in respect of such an MBA program were actually reimbursed during 2012.

Attributed costs to the Company of the personal benefits and perquisites described above for the Named Executive Officers for the fiscal year ended December 31, 2012, are reported below in the "All Other Compensation" column of the 2012 Summary Compensation Table.

### **Consideration of Say-on-Pay**

The Company's most recent Say-on-Pay vote was held at the 2011 annual shareholders meeting, where over 92% of votes cast were in support of the Company's compensation program as described in the 2011 proxy statement.

The Board of Directors, including members of the Compensation Committee, considered the results of the 2011 shareholder Say-on-Pay vote at the June 1, 2011 Board of Directors meeting. Over 92% of votes cast on the proposal approved the Company's compensation program as described in the Company's 2011 proxy circular. Because of this strong support of the Company's compensation program at the 2011 annual meeting, the Compensation Committee continued to apply the same principles in determining the amounts and types of executive compensation for 2012. At the 2012 annual meeting, shareholder support for the re-election to the Board of Directors for members of the Compensation Committee was somewhat lower than expected. Subsequently, the Board of Directors approved certain changes to the executive compensation program, as described in "Compensation Discussion and Analysis - Assessment of Executive Compensation Program in 2012." Such changes include a new long-term incentive program designed to mitigate the risk profile of stock options, a prohibition on pledging and hedging the Company's securities, the anticipated implementation of new share ownership guidelines and the intention to eliminate guaranteed bonuses.

### **Tax and Accounting Considerations**

To the extent that any compensation paid to the Named Executive Officers constitutes a deferral of compensation within the meaning of Section 409A of the Internal Revenue Code, the Company intends to cause the compensation to comply with the requirements of Section 409A and to avoid the imposition of penalty taxes and interest upon the participant receiving the award.

The Company also takes accounting considerations, including the impact of Financial Accounting Standards Board Accounting Standards Codification Topic 718 - Compensation-Stock Compensation (previously SFAS 123R) into account in structuring compensation programs and determining the form and amount of compensation awarded.



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**Share Ownership Guidelines**

The Company is in the process of implementing Common Share ownership guidelines to encourage the Named Executive Officers and other executives to accumulate a significant ownership stake so that they are invested in maximizing long-term shareholder returns. Under the guidelines, members of the Company's senior management, including the CEO, its executive officers and the vice president of Investor Relations will have to achieve and maintain share ownership that is a specified multiple of his or her annual base salary. Executives subject to the policy will have to satisfy the guidelines within five years of becoming subject to the policy (or plan inception, if later).

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis for the year ended December 31, 2012 with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Circular.

The information contained in this report shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the 1933 Act), or the Exchange Act, except to the extent that the Company specifically incorporates it by reference in such filing.

April 11, 2013

Respectfully submitted,

I. Martin Pompadur (Chairman)  
Eric A. Demirian  
Marc A. Utay

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The table below sets forth the compensation earned by the Named Executive Officers during the registrant's last three completed fiscal years.

Name and Principal Position of Named Executive Officer	Year ended December 31	Salary (\$)	Bonus (\$)	Option Awards <sup>(1)</sup> (\$)	Change in Pension Value <sup>(2)</sup> (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total (\$)
<b>Richard L. Gelfond</b> Chief Executive Officer	2012	750,000	1,000,000	n/a	1,729,808 <sup>(2)</sup>	126,275 <sup>(3)</sup>	3,606,083 <sup>(4)</sup>
	2011	750,000	500,000	3,180,000	929,871	127,545	5,487,416
	2010	600,000	1,200,000	7,360,000	3,791,459	123,288	13,074,747
<b>Joseph Sparacio</b> Executive Vice President & CFO	2012	415,865	150,000 <sup>(5)</sup>	432,800 <sup>(6)</sup>	n/a	25,320 <sup>(7)</sup>	1,023,985
	2011	394,519	105,000	668,500	n/a	17,059	1,185,078
	2010	372,346	225,000	490,200	n/a	17,033	1,104,579
<b>Andrew Cripps <sup>(8)</sup></b> Executive Vice President & President, EMEA, IMAX International Sales Corporation	2012	639,150	578,787 <sup>(5)</sup>	3,748,000 <sup>(9)</sup>	n/a	48,184 <sup>(10)</sup>	5,014,121
<b>Greg Foster</b> Chairman & President, IMAX Entertainment	2012	700,000	650,000 <sup>(5)</sup>	n/a	n/a	163,317 <sup>(11)</sup>	1,513,317
	2011	700,000	475,000	n/a	n/a	149,990	1,324,990
	2010	700,000	800,000	4,988,000	n/a	146,988	6,644,988
<b>Robert D. Lister</b> Chief Legal Officer & Chief Business Development Officer	2012	550,000	250,000	773,000 <sup>(12)</sup>	n/a	38,271 <sup>(13)</sup>	1,611,271
	2011	487,853	165,413	n/a	n/a	37,612	690,878
	2010	464,622	250,000	n/a	n/a	28,887	743,509

- As required by SEC rules, the Option Awards columns in this Summary Compensation Table reflect the aggregate grant date fair values computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (with no reductions for expected forfeitures). See note 15(c) to the audited consolidated financial statements in Item 8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for the assumptions used to calculate the fair value of the stock options. Whether, and to what extent, a Named Executive Officer realizes value with respect to stock option awards will depend on the Company's actual operating performance, stock price fluctuations and the Named Executive Officer's continued employment.
- This amount represents the change in the actuarial present value of Mr. Gelfond's accumulated benefits under the SERP. Primarily as a result of a drop in the assumed lump sum conversion rate, offset by the effect of a one-year delay in the benefit commencement date, the actuarial present value of Mr. Gelfond's accumulated benefit under the SERP as at December 31, 2012 increased by \$1,729,808, as compared to December 31, 2011. See note 22(a) to the audited consolidated financial statements in Item 8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for more information related to this calculation.
- This amount reflects: (i) \$44,353 for the payment by the Company of life insurance premiums on the life of Mr. Gelfond and related applicable taxes of \$43,025 as described above in Other Personal Benefits and Perquisites; (ii) \$5,000 for contributions to the Company's defined contribution pension plans; (iii) \$7,032 for the Supplemental Health reimbursement premiums; and (iv) \$26,865 for personal use of a Company-provided automobile.
- The actuarial increase in the SERP (see footnote 2 above) accounts for a significant portion of the total compensation.
- This amount was paid under the Management Bonus Plan, as described above in Performance-Based Incentive Compensation Bonus Awards.
- This amount reflects the grant date fair value of the 40,000 stock options granted on March 8, 2012. The stock options vest in five installments. 4,000 on March 8, 2013, 6,000 on March 8, 2014, 8,000 on March 8, 2015, 10,000 March 8, 2016, and 12,000 on March 8, 2017.
- This amount reflects: (i) \$774 for the payment by the Company of life insurance premiums on the life of Mr. Sparacio; (ii) \$5,000 for contributions to the Company's defined contribution pension plans; (iii) \$7,032 for the Supplemental Health reimbursement premiums; and (iv) \$12,514 for allowance for personal automobile use.
- Mr. Cripps' salary, bonus and other compensation were earned in British Pounds. The British Pound compensation values have been converted to and reported in U.S. dollars using the Bank of Canada close rate for the last day of the month preceding an actual payment date.

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- (9) This amount reflects the grant date fair value of the 400,000 stock options granted on February 27, 2012. The stock options vest in four equal installments of 100,000 on each of February 27, 2013; February 27, 2014; February 27, 2015; and February 27, 2016.
- (10) This amount reflects: (i) \$8,777 for the payment by the Company of benefit premiums for Mr. Cripps; (ii) \$25,875 for contributions to the Company's defined contribution pension plans; and (iii) \$13,532 for allowance for personal automobile use.
- (11) This amount reflects: (i) \$136,547 for the payment by the Company of life insurance premiums on the life of Mr. Foster as described above in Other Personal Benefits and Perquisites; (ii) \$5,000 for contributions to the Company's defined contribution pension plans; (iii) \$7,032 for the Supplemental Health reimbursement premiums; and (iv) \$14,738 for allowance for personal automobile use.
- (12) This amount reflects the grant date fair value of the 100,000 stock options granted on January 9, 2012 to Mr. Lister in connection with his employment renewal. The stock options vest in three installments. 20,000 on January 9, 2013; 40,000 on January 9, 2014; and 40,000 on January 9, 2015.

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(13) This amount reflects: (i) \$774 for the payment by the Company of life insurance premiums on the life of Mr. Lister; (ii) \$5,000 for contributions to the Company's defined contribution pension plans; (iii) \$7,032 for the Supplemental Health reimbursement premiums; and (iv) \$25,465 for allowance for personal automobile use.

The material terms of the Named Executive Officers' employment agreements are described below in Employment Agreements and Potential Payments upon Termination or Change-in-Control.

**2012 GRANTS OF PLAN-BASED AWARDS**

The following table sets forth information relating to grants of stock options made to Named Executive Officers during the fiscal year ended December 31, 2012 under any plan, including awards that subsequently have been transferred. No SARs were granted to Named Executive Officers during the fiscal year ended December 31, 2012.

Name and Principal Position of Named Executive Officer	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#) (1)
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