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IMAX CORP  
Form DEF 14A  
April 30, 2002

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 (AMENDMENT NO. )

Filed by the registrant [ ]

Filed by a party other than the registrant [ ]

Check the appropriate box:

[ ] Preliminary proxy statement. [ ] Confidential, for use of the

[ ] Confidential, for use of the  
Commission only (as permitted by  
Rule 14a-6(e)(2)).

[X] Definitive proxy statement.

[ ] Definitive additional materials.

[ ] Soliciting material pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

IMAX Corporation

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and  
0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed  
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the  
filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:  
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[ ] Fee paid previously with preliminary materials.  
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[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:  
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(2) Form, Schedule or Registration Statement No.:  
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(3) Filing Party:  
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(4) Date Filed:  
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Notes:

Reg. (S) 240.14a-101.  
SEC 1913 (3-99)

Imax Corporation  
2525 Speakman Drive  
Mississauga, Ontario L5K 1B1

[IMAX LOGO]  
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notice of annual meeting of shareholders

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of shareholders of IMAX CORPORATION (the "Corporation") will be held at the Famous Players IMAX(R) Theatre at Paramount Festival Hall, 259 Richmond Street, West, Toronto, Ontario, on Wednesday, June 5, 2002 at 10:30 a.m., for the purposes of:

- (1) receiving the consolidated financial statements for the year ended December 31, 2001, together with the auditors' report thereon;
- (2) electing directors;
- (3) appointing auditors and authorizing the directors to fix the auditors' remuneration; and
- (4) transacting such other business as may properly be brought before the Meeting or any adjournments thereof.

By Order of the Board,

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[SIGNATURE]  
G. MARY RUBY  
Senior Vice President, Legal Affairs  
and Corporate Secretary

Mississauga, Ontario  
April 30, 2002

SHAREHOLDERS WHO ARE UNABLE TO BE PRESENT AT THE MEETING ARE REQUESTED TO COMPLETE AND RETURN THE ENCLOSED FORM OF PROXY IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. PROXIES MUST BE DEPOSITED WITH COMPUTERSHARE TRUST COMPANY OF CANADA, C/O STOCK AND BOND TRANSFER DEPT., 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, M5J 2Y1 OR AT THE CORPORATE OFFICE OF THE CORPORATION NOTED ABOVE ON OR BEFORE 4:30 P.M. (EASTERN DAYLIGHT SAVING TIME) ON JUNE 4, 2002.

Imax Corporation

[IMAX LOGO]

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MANAGEMENT PROXY CIRCULAR AND PROXY STATEMENT  
April 30, 2002

solicitation of proxies by management

THIS MANAGEMENT PROXY CIRCULAR AND PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF IMAX CORPORATION (THE "CORPORATION") OF PROXIES TO BE USED AT THE ANNUAL MEETING OF SHAREHOLDERS (THE "MEETING") OF SHAREHOLDERS OF THE CORPORATION TO BE HELD ON WEDNESDAY, JUNE 5, 2002 AT THE FAMOUS PLAYERS IMAX(R) THEATRE AT PARAMOUNT FESTIVAL HALL, 259 RICHMOND STREET, WEST, TORONTO, ONTARIO, AT 10:30 A.M., AND AT ANY ADJOURNMENTS THEREOF FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF ANNUAL MEETING. While management intends to solicit most proxies by mail, some proxies may be solicited by telephone or other personal contact by directors or officers of the Corporation. The cost of solicitation will be borne by the Corporation.

appointment, delivery and revocation of proxies

The persons named in the accompanying form of proxy are directors and officers of the Corporation. A shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, other than the persons designated as proxyholders in the accompanying form of proxy, to attend and act on behalf of the shareholder at the Meeting. To exercise this right, a shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy, or complete another appropriate form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or his attorney authorized in writing. The proxy, to be acted upon, must be deposited with the Corporation c/o its transfer agent, Computershare Trust Company of Canada, c/o Stock & Bond Transfer Dept., 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 4:30 p.m., Eastern Daylight Saving Time, on Tuesday, June 4, 2002 or 4:30 p.m. on the last business day prior to the date of any adjournment of the Meeting, or with the chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting prior to the commencement of the Meeting or the adjournment, as the case may be.

A shareholder who has given a proxy may revoke it by depositing an instrument in writing (including another proxy) executed by the shareholder or his attorney authorized in writing at the registered office of the Corporation at any time up to and including 4:30 p.m., Toronto time, on the last business

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day prior to the day of the Meeting or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or at any adjournment thereof at any time before it is exercised on any particular matter or in any other manner permitted by law including attending the Meeting in person.

voting by proxy

On any ballot that may be called for regarding the matters listed in the Notice of Meeting and in the form of proxy, the common shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder indicated thereon by marking an "X" in the boxes provided for the purpose on the form of proxy. IN THE ABSENCE OF SUCH INSTRUCTIONS THE SHARES WILL BE VOTED FOR, IN EACH CASE, AS REFERRED TO IN THIS MANAGEMENT PROXY CIRCULAR AND PROXY STATEMENT.

Unless otherwise indicated, all references in this document to dollar amounts are to U.S. dollars.

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The person appointed as proxy has discretionary authority and may vote the shares represented thereby as such person considers best with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to any other matter which may properly come before the Meeting. As of the date of this management proxy circular and proxy statement, management of the Corporation is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any such amendment, variation or other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such other business in accordance with their judgement.

voting shares and principal holders

The Board of Directors has fixed April 26, 2002 as the record date for the Meeting. Accordingly, each holder of common shares of record on that date is entitled to one vote for each common share shown as registered in the shareholder's name on the list of shareholders prepared as of April 26, 2002. In the event of any transfer of common shares by any such shareholder after such date, the transferee is entitled to vote those shares if he or she produces properly endorsed share certificates or otherwise establishes that he or she owns the shares, and requests Computershare Trust Company of Canada at its office noted above to include the transferee's name in the shareholders' list not later than ten days before the Meeting.

On April 26, 2002, the Corporation had 32,915,858, common shares issued and outstanding, each carrying the right to one vote at all meetings of the shareholders of the Corporation.

To the knowledge of the directors and officers of the Corporation, the only persons who beneficially own or exercise control or direction over shares carrying more than 10% of the votes attached to all the shares of the Corporation entitled to be voted at the Meeting are as follows:

Name of Shareholder	Number of Common Shares	Percentage of Outstanding Common Shares
-----		
Wasserstein Perella Group: Wasserstein Perella Partners, L.P.	10,195,384 (1)	31%

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Wasserstein Perella Offshore Partners, L.P.  
WPPN, Inc.  
Michael J Biondi as Voting Trustee  
Wasserstein Capital, L.P.  
(collectively, the Wasserstein Perella Group is referred  
to in this circular as "Wasserstein Perella" or "WP")

(1) Based on information contained in a Schedule 13G/A dated February 14, 2002  
filed by Wasserstein Management Partners L.P., 1301 Avenue of the Americas,  
New York, New York and information provided directly to the Corporation by  
Wasserstein & Co., L.P. on March 12, 2002.

election of directors

The Board of Directors of the Corporation is comprised of three classes, each  
elected for a three-year term. The Board of Directors is currently composed of  
Kenneth G. Copland, J. Trevor Eyton, Richard L. Gelfond, Garth M. Girvan, Ellis  
B. Jones, G. Edmund King, Murray B. Koffler, Sam Reisman, Marc A. Utay, Bradley  
J. Wechsler and W. Townsend Ziebold. At the Meeting, the term of the Class II  
directors expires. The term of the Class I directors expires at the annual  
shareholders' meeting in 2003 and the term of the Class III directors expires at  
the annual shareholders' meeting in 2004.

In February 1999, the Corporation, Wasserstein Perella, Richard L. Gelfond  
and Bradley J. Wechsler entered into a Second Amended and Restated Shareholders'  
Agreement (see description of this agreement under "interest of management in  
certain transactions -- Shareholders' Agreement" below). Under this agreement,  
each of Wasserstein Perella and Messrs. Gelfond and Wechsler agreed that they  
are to be entitled, but not required, to designate certain individuals to be  
nominated for election by the shareholders as directors of the Corporation.

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Wasserstein Perella and Messrs. Gelfond and Wechsler also agreed to use their  
best efforts to cause each of the individuals designated by the other party to  
be elected as a director of the Corporation.

The individuals noted below are nominated for election to the Board of  
Directors of the Corporation in Class II.

nominees for election

The following table lists certain information concerning the persons proposed to  
be nominated for election as directors and the directors whose terms continue  
after the Meeting. The information as to common shares has been furnished by the  
respective individuals.

Nominees for election as Class II directors for the term expiring in 2005	Current position with the Corporation	Co
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<p>Kenneth G. Copland, Toronto, Ontario. Mr. Copland is the Chairman of KGC Ltd. Mr. Copland was the Vice-Chairman of BMO Nesbitt Burns Inc. from 1994 to May 2001. Mr. Copland is Chairman of Humber College Foundation and HC Educational Ventures Limited. Mr. Copland is a director of the Investment Dealers Association of Canada.</p>	<p>Director</p>	
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Mr. Copland has been a director of the Corporation since June 1999 and is a Canadian citizen.

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 \*+- Garth M. Girvan, Toronto, Ontario. Director  
 Mr. Girvan is a partner of McCarthy Tetrault, Toronto, Ontario, barristers and solicitors, Canadian counsel to the Corporation. Mr. Girvan has been a director of the Corporation since 1994 and serves as Chairman of the Audit and Compensation Committees of the Corporation and is a Canadian citizen.

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 + Murray B. Koffler, O.C., O.Ont., Toronto, Ontario. Director  
 Mr. Koffler founded Shoppers Drug Mart in 1968 and presently serves as its Honorary Chairman. Mr. Koffler co-founded Four Seasons Hotels Limited and presently serves as a director. Since 1988, Mr. Koffler has been Chairman of the International Board of Directors of the Weizmann Institute of Science in Israel. Mr. Koffler holds numerous other directorships. Mr. Koffler is an Officer of the Order of Canada. Mr. Koffler has been a director of the Corporation since May 1996 and is a Canadian citizen.

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 - Marc A. Utay, New York, New York. Director  
 Mr. Utay has been a Managing Member of Clarion Capital Partners since November 1999; prior to joining Clarion, Mr. Utay was a Managing Director of Wasserstein Perella & Co. Inc. and a member of Wasserstein Perella's Policy Committee. Mr. Utay was co-head of Wasserstein Perella's Leveraged Finance, Retailing and Media, Telecommunication and Entertainment groups. Prior to his joining Wasserstein Perella, Mr. Utay was Managing Director at Bankers Trust Company where he specialized in leveraged finance and mergers and acquisitions. Mr. Utay is a director of P & F Industries, Inc. and FONS Corp. Mr. Utay has been a director of the Corporation since May 1996 and serves as Chairman of the Option Committee of the Corporation.

Directors who continue in office after the Meeting	Expiry of Term of Office	Co
The Honourable J. Trevor Eyton, O.C., Cheltenham, Ontario. Senator Eyton is a senior director of Brascan Corporation, and prior to May 2000 was a senior officer of Brascan Corporation in various capacities dating back to 1979. Senator Eyton is also a director of Noranda Inc., Coca-Cola Enterprises, General Motors of Canada, Limited and Ivernia West Inc., as well as a member of the Advisory Board of Nestle Canada Ltd. Senator Eyton has been a member of the Senate of Canada since September 1990 and is an Officer of the Order of Canada. Senator Eyton has been a director of the Corporation since June 1999 and is a Canadian citizen.	2003	

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Directors who continue in office after the Meeting	Expiry of Term of Office	Co
<p>O Richard L. Gelfond, New York, New York.</p> <p>Mr. Gelfond has been Co-Chairman of the Corporation since June 1999 and Co-Chief Executive Officer since May 1996. From March 1994 to June 1999 Mr. Gelfond served as Vice Chairman of the Corporation. In addition, Mr. Gelfond serves on the board of Mainframe Entertainment, Inc. and several private and philanthropic entities. Mr. Gelfond has been a director of the Corporation since March 1994.</p>	2004	
<p>Ellis B. Jones, Los Angeles, California.</p> <p>Mr. Jones has been the Chief Executive Officer of Wasserstein &amp; Co., L.P., a merchant banking and venture capital firm since January, 2001. Prior to that Mr. Jones was a Managing Director in charge of merchant banking at Wasserstein Perella &amp; Co., Inc. Mr. Jones serves as a director for a number of privately held companies. Mr. Ellis has been a director of the Corporation since June 2001.</p>	2004	
<p>* G. Edmund King, Toronto, Ontario.</p> <p>Mr. King has been Deputy Chairman and a director of McCarvill Corporation since January, 1996. Mr. King is also a director of Falconbridge Ltd. and Afton Food Group Ltd. From June 1994 to January 1998 Mr. King was Chairman of WIC Western International Communications. Mr. King has been a director of the Corporation since June 1999 and is a Canadian citizen.</p>	2003	
<p>Sam Reisman, Toronto, Ontario.</p> <p>Mr. Reisman has been the principal shareholder, Chairman and Chief Executive Officer of The Rose Corporation, a real estate finance and investment company which was previously a real estate development company, since September 1986. Mr. Reisman is currently the principal shareholder of Hayden Industrial Products of Corona, California, formerly a division of The Equion Corporation. Mr. Reisman has been a director of the Corporation since June 1999 and is a Canadian citizen.</p>	2003	
<p>* Bradley J. Wechsler, New York, New York.</p> <p>Mr. Wechsler has been Chairman or Co-Chairman of the Corporation since March 1994 and Co-Chief Executive Officer with Mr. Gelfond since May 1996. Mr. Wechsler serves on the boards of Mainframe Entertainment, Inc., NYU Hospital, the Kernochan Center for Law, Media and the Arts, and the American Museum of the Moving Image. Mr. Wechsler has been a director of the Corporation in March 1994.</p>	2004	
<p>+O W. Townsend Ziebold, New York, New York.</p> <p>Mr. Ziebold is currently President of the Venture Capital Practice of Wasserstein &amp; Co., L.P., formerly the private equity arm of Wasserstein Perella Group Inc. Previously, Mr. Ziebold was a Managing Director of Wasserstein Perella &amp; Co., Inc. and head of its Venture Capital Practice. Mr. Ziebold was a director of Maybelline, Inc. and Collins &amp; Aikman Corporation and currently serves on several private company boards in the media, entertainment and Internet industries. Mr. Ziebold has been the Non-Executive Chairman of the Board since June 2001 and has been a director of the</p>	2003	

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Corporation since June 1999.

- \* Member, Audit Committee of the Corporation
- + Member, Compensation Committee of the Corporation
- O Member, Nominating Committee of the Corporation
- Member, Option Committee of the Corporation

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE SET FORTH ABOVE. IF ANY OF THE ABOVE NOMINEES IS FOR ANY REASON UNABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT SUCH SHAREHOLDER'S SHARES ARE TO BE WITHHELD FROM VOTING ON THE ELECTION OF DIRECTORS.

Management does not anticipate that any of the nominees for election as directors will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the expiry of the term for which he has been elected or until his successor is elected or appointed, unless his office is earlier vacated. Each of Messrs. Gelfond and Wechsler and Wasserstein Perella intend to vote in favour of the

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nominees set forth above pursuant to the Shareholders' Agreement (see description of this agreement under "interest of management in certain transactions" below).

As contemplated under Section 124(4) of the Canada Business Corporations Act, the Corporation has acquired insurance coverage with a yearly limit of \$70,000,000 in respect of potential claims against its directors and officers and in respect of losses for which the Corporation may be required or permitted by law to indemnify such directors and officers. The insurance, in respect of which a \$179,839 yearly premium was paid by the Corporation, includes a \$100,000 deductible for each claim under the policy other than claims made under U.S. securities law as to which a deductible of \$500,000 applies.

DIRECTORS' COMPENSATION

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Directors are reimbursed for expenses incurred in attending meetings of the Board of Directors and Committees of the Board. In addition, members of the Board of Directors who are not also employees of the Corporation receive Cdn. \$20,000 per year (or may elect to receive options to purchase common shares of the Corporation in lieu of this payment) plus Cdn. \$1,500 for each meeting of the Board of Directors attended in person and Cdn. \$750 for each telephone meeting of the Board of Directors or meeting of any committee of the Board of Directors, whether participating in person or by telephone. In addition, each of the directors who are not also employees of the Corporation are granted options annually to purchase 8,000 common shares at an exercise price equal to the market value of the common shares of the Corporation on the date of the grant which vest on the date of grant and expire on the earlier of the date which is two (2) years after the termination of the Optionee's service as a director of the Corporation or 7 years after the date of the grant.

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executive compensation

SUMMARY COMPENSATION TABLE

The following table sets forth, for the periods indicated, the compensation paid or granted by the Corporation to the individuals who served during 2001 as Chief Executive Officers and the four most highly compensated executive officers of the Corporation, other than the Chief Executive Officers, who were serving as executive officers at December 31, 2001 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position of Named Executive Officer	Year ended December 31	Annual Compensation			Long-Term Compensation	Other
		Salary (\$)	Bonus (1) (\$)	Other Annual Compensation (2) (\$)	Restricted Stock Awards (\$)	
Richard L. Gelfond Co-Chairman and Co-Chief Executive Officer	2001	500,000	125,000 (4)	--	1,305,000 (5)	
	2000	500,000	--	--	--	
	1999	500,000	900,000	--	--	
Bradley J. Wechsler Co-Chairman and Co-Chief Executive Officer	2001	500,000	125,000 (4)	--	1,305,000 (5)	
	2000	500,000	--	--	--	
	1999	500,000	900,000	--	--	
Greg Foster President, Filmed Entertainment	2001	286,057	150,000	25,000	--	
	2000	--	--	--	--	
	1999	--	--	--	--	
Andrew Gellis Senior Vice President, Film	2001	290,000	50,000	60,000 (8)	--	
	2000	275,000	50,000	60,000 (8)	--	
	1999	250,000	65,000	50,000 (8)	--	
Richard L. Intrator Executive Vice President and President, IMAX Enterprises	2001	371,634	150,000	--	--	
	2000	305,254	130,685	--	--	
	1999	--	--	--	--	
David B. Keighley Senior Vice President and President, David Keighley Productions 70MM Inc.	2001	251,559	122,853	--	--	
	2000	239,580	288,421	--	--	
	1999	228,257	573,000	--	--	

(1) These amounts are paid under annual incentive arrangements that the Corporation has with each of the Named Executive Officers, as detailed under "Employment Contracts".

(2) The value of perquisites and other personal benefits for each Named Executive Officer does not exceed the lesser of \$50,000 and 10% of his

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annual salary and bonus.

- (3) These amounts reflect (i) the payment by the Corporation of life insurance premiums on the lives of the Named Executive Officers, and (ii) contributions to the Corporation's defined contribution pension plans.
- (4) In addition, in 2002, with respect of the bonus for 2001, the Named Executive Officer received a grant of 100,000 options to purchase common shares in accordance with the Stock Option Plan.
- (5) This amount represents the value of 500,000 common shares, which were issued to the Named Executive Officer pursuant to his employment agreement dated April 3, 2001, of which 325,000 common shares were issued in exchange for the surrender by the Named Executive Officer of 1,300,000 previously granted options, as detailed under "Employment Agreements".
- (6) These options, together with 500,000 other options were surrendered to the Corporation by the Named Executive Officer on April 13, 2001.
- (7) These options were granted in accordance with the Named Executive Officer's employment agreement as detailed under "Employment Contracts".
- (8) This amount was paid on account of certain script writing services provided by the Named Executive Officer.
- (9) 20,000 of these options were cancelled in accordance with the Stock Option Plan following the termination of the Named Executive Officer's employment.
- (10) These options were cancelled in accordance with the Stock Option Plan following the termination of the Named Executive Officer's employment.

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OPTIONS GRANTED

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The Corporation has a Stock Option Plan under which the Corporation may grant options to officers, employees, consultants and eligible directors ("Participants") to purchase common shares on terms that may be determined, within the limitations of the Stock Option Plan. The aggregate number of common shares that remain reserved for issuance under the Stock Option Plan is 8,340,798 common shares as at December 31, 2001. Options to purchase 4,609,086 common shares have been granted and are outstanding under the Stock Option Plan as at December 31, 2001. In 2001, 4,857,114 options were cancelled by or forfeited to the Corporation. The Corporation expects to retire and/or cancel additional options in the next twelve to eighteen months. The exercise price for options issued under the Stock Option Plan is not to be less than the market price of the common shares on the date of grant. An option will be exercisable for a maximum period of 10 years from the date of grant, subject to earlier termination if the Participant's employment, consulting arrangement or term of office with the Corporation terminates. The Board of Directors determines vesting requirements. If a Participant's employment, consulting arrangement or term of office with the Corporation terminates for any reason, any options which have not vested will be surrendered for cancellation without any consideration being paid therefor. If the Participant's employment, consulting arrangement or term of office is terminated without cause or by reason of such Participant's resignation, death or permanent disability, the Participant (or the Participant's estate) will generally be entitled to exercise the Participant's vested options for a period thereafter. If the Participant's employment, consulting arrangement or term of office is terminated for cause, such

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Participant's vested options will be surrendered for cancellation without any consideration being paid therefor. If the Participant is a party to an employment agreement with the Corporation or any of its subsidiaries and breaches any of the restrictive covenants in such agreement, such Participant will be required to surrender all unexercised options for cancellation without any consideration being paid therefor and will be obligated to pay to the Corporation an amount equal to the aggregate profit realized by such Participant with respect to any prior option exercises.

The following table sets forth information relating to individual grants of options to purchase common shares of the Corporation to Named Executive Officers under the Stock Option Plan during the financial year ended December 31, 2001 in respect of services rendered or to be rendered to the Corporation:

### OPTION GRANTS IN FINANCIAL YEAR ENDED DECEMBER 31, 2001

Name	Securities Under Options Granted (#)	% of Total Options Granted to Participants In Financial Year (%)	Exercise Price (\$/Common Share)	Expiration Date
Richard L. Gelfond	Nil	--	n/a	n/a
Bradley J. Wechsler	Nil	--	n/a	n/a
Greg Foster (1)	75,000	5.37	3.41	19-Mar-11
Andrew Gellis	Nil	--	n/a	n/a
Richard Intrator	Nil	--	n/a	n/a
David B. Keighley (2)	50,000	3.58	3.04	16-Apr-08

(1) These options were granted pursuant to the Named Executive Officer's employment agreement and entitle the Named Executive Officer to purchase one common share for each option. The market value of the common shares underlying the options was equal to the exercise price on the date of the grant. These options vested on March 19, 2002 pursuant to such employment agreement.

(2) These options entitle the Named Executive Officer to purchase one common share for each option. The market value of the common shares underlying the options was equal to the exercise price on the date of the grant. 8,333 of these options vested on April 16, 2002, 16,667 vest on April 16, 2003, 16,667 vest on April 16, 2004 and 8,333 vest on April 16, 2005.

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### AGGREGATED OPTION EXERCISED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2001 AND FINANCIAL YEAR-END OPTION VALUES

	Securities	Aggregate	Unexercised Options at Financial Year
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Name	Acquired On Exercise (#)	Value Realized (\$)	Exercisable Unexercisable (#)
Richard L. Gelfond	Nil	Nil	438,000/Nil
Bradley J. Wechsler	Nil	Nil	438,000/Nil
Greg Foster	Nil	Nil	Nil/75,000
Andrew Gellis	Nil	Nil	64,500/Nil
Richard Intrator	Nil	Nil	100,000/Nil
David B. Keighley	Nil	Nil	80,500/80,000

(1) Calculated based on the December 31, 2001 closing price of the common shares on Nasdaq of \$2.02.

### PENSION PLANS

The Corporation maintains defined contribution employee pension plans for its employees, including its executive officers. The Corporation makes contributions to these plans on behalf of employees in an amount equal to 5% of their base salary subject to certain prescribed maximums. During the financial year ended December 31, 2001, the Corporation contributed an aggregate of \$13,416 to the Corporation's defined contribution employee pension plan qualified under Section 401(k) of the U.S. Internal Revenue Code on behalf of Messrs. Gelfond, Wechsler, Foster, Gellis, Intrator and Keighley. The Corporation also maintains a defined benefit pension plan covering its two Chief Executive Officers, which was established on July 12, 2000 and is more fully described in Note 20 to the Corporation's Consolidated Financial Statements filed in its Annual Report on Form 10-K for the year ended December 31, 2001.

### EMPLOYMENT CONTRACTS

On November 3, 1998 the Corporation entered into renewal employment agreements (the "1998 Agreements") with each of Messrs. Gelfond and Wechsler ("the Executives") with effect from July 1, 1998 for a three-year term. The 1998 Agreements provide that each of the Executives will receive a salary of \$500,000 in each year of the term. These agreements also provide that each of the Executives will receive a bonus for each of 1998, 1999, 2000 and the period January 1, 2001 to June 30, 2001 of \$605,000, \$500,000, \$500,000 and \$250,000 adjusted by a multiple of zero to two times, tied to the performance of the Corporation and certain qualitative and quantitative measures determined by the Compensation Committee of the Board of Directors. In 1999, each Executive was also paid \$485,625 upon exercising their right to receive an amount equal to the fair market value of 15,000 common shares of the Corporation which is equal to the number of synthetic restricted shares ("phantom stock") which were originally to be granted on January 1, 1998 and were later reduced pursuant to the renewal employment agreement. Pursuant to the 1998 Agreements, the Executives were each granted 400,000 options to purchase common shares in accordance with the Stock Option Plan on October 15, 1999, which options expire on October 15, 2009.

Under the 1998 Agreements, each of the Executives is to perform such services with respect to the Corporation's business as may be reasonably requested from time to time by the Board of Directors and which are consistent with his position as Co-Chief Executive Officer. In addition, the Corporation is to use its best efforts to cause the Executives to be elected to the Board of

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Directors. In addition, a provision contained in their original employment agreements, dated March 1, 1994, was continued, whereby each of the Executives is also entitled to receive, upon a sale of the Corporation or the exercise after March 1, 1999 by the Executives of their rights to require the Corporation to take action to liquidate their common shares under a shareholders' agreement among Wasserstein Perella Partners, L.P., Mr. Gelfond, Mr. Wechsler and certain other investors dated as of June 16, 1994, a cash bonus in an amount equal to the product of (a) 0.375% and (b) the amount by which the sale or liquidation transaction imputes an equity value in excess of Cdn. \$150,000,000 to the common shares originally issued by the Corporation (on a fully diluted basis but excluding the common shares issued upon the conversion of

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the Class B convertible preferred shares of the Corporation formerly outstanding which were converted into common shares on June 16, 1994 and the common shares issuable upon the exercise of warrants owned by each of Messrs. Gelfond and Wechsler). Under the 1998 Agreements, the Corporation is to equalize the Executives to the taxes which each of the Executives would have paid had he earned his employment compensation and paid taxes thereon solely in the United States. The employment agreements also contain non-competition provisions.

On July 12, 2000, the Corporation entered into amendments to the employment agreements of the Executives (the "Amended Agreements"). Under the Amended Agreements, the last year of the Executives' employment term under the 1998 Agreements was cancelled, and the Executives' employment terms were extended for three (3) additional years, with the new term running from July 12, 2000 through June 30, 2003, with the same cash compensation as had been agreed to in the 1998 Agreements. Because no change of control of the Corporation was effected by the end of 2000, however, the extension of the Executives' employment terms was nullified, and the term of the 1998 Agreement was reinstated. Pursuant to the Amended Agreements, the Executives were each granted 800,000 options to purchase common shares in accordance with the Stock Option Plan, which options expire on July 12, 2010, as well as 180,000 restricted shares which, in the event that regulatory or shareholder approval is not obtained, are deemed phantom stock. The options and restricted shares, or phantom stock equivalent, became fully vested on June 30, 2001. Under the Amended Agreements, the Corporation agreed to create a defined benefit plan, described in Note 20 to the Corporation's Consolidated Financial Statements filed in its Annual Report on Form 10-K for the year ended December 31, 2001, to provide retirement benefits for the Executives. The Amended Agreements further provide for the extension of the Executives' non-competition covenants to four (4) years beyond termination of employment and for the agreement by the Executives to consult with the Corporation for three (3) years following the end of their employment with the Corporation.

On April 3, 2001, the Corporation entered into amendments to the employment agreements of the Executives (the "2001 Amendments"). Under the 2001 Amendments, the Executives' employment terms were each extended for one (1) additional year, with the new term running through June 30, 2002. The 2001 Amendments also provide that each of the Executives can receive a bonus for 2001 and the period December 31, 2001 through June 30, 2002 of \$500,000 and \$250,000, respectively, adjusted by a multiple of zero to two times, tied to the performance of the Corporation and certain qualitative and quantitative measures determined by the Board of Directors. Pursuant to the 2001 Amendments, each of the Executives received restricted stock grants of 500,000 common shares, 325,000 of which were granted in exchange for the surrender by each of the Executives of 1,300,000 previously granted options on April 3, 2001. The restrictive covenants, including non-competition provisions, of the Executives' existing employment agreements, as well as other provisions not modified by the 2001 Amendments, remain in force. The Board of Directors has agreed to renew the Executives'

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employment agreement beyond 2001 on terms to be finalized.

The Corporation and Greg Foster entered into an employment agreement on March 9, 2001. The agreement is for a two-year term. Under this agreement, Mr. Foster is to receive an annual base salary of \$350,000 for the year ended March 9, 2002 and \$375,000 for the year ended March 9, 2003. The agreement further provides that Mr. Foster is entitled to receive a minimum annual bonus of \$150,000 for the first year of the term and a minimum annual bonus of \$175,000 for the second year of the term, as well as a discretionary bonus based on a percentage of base salary. Pursuant to the agreement, Mr. Foster was granted 75,000 options to purchase common shares in accordance with the Stock Option Plan on March 19, 2001 and received an additional grant of 75,000 options to purchase common shares in accordance with the Stock Option Plan on March 9, 2002. Under the agreement, Mr. Foster has given covenants regarding confidentiality and non-competition. The agreement provides that the employment of Mr. Foster may be terminated at any time for cause or without cause. If Mr. Foster's employment is terminated without cause, the Corporation must continue to pay Mr. Foster his annual base salary and benefits for the greater of the remainder of his employment term and six months, subject to mitigation by Mr. Foster.

The Corporation and Mr. Gellis entered into an employment agreement effective January 1, 1998 under which he was employed as Senior Vice President, Film of the Corporation. The agreement was for a two-year term. Under this agreement Mr. Gellis received an annual base salary of \$225,000 for 1998 and \$250,000 for 1999 plus an annual performance bonus at a target of 30% of salary, with a guaranteed minimum annual bonus of \$50,000. Mr. Gellis was also entitled to receive a minimum of \$50,000 in each year of the term in respect of script writing services performed by Mr. Gellis for the Corporation. Mr. Gellis has given covenants regarding confidentiality and non-competition. On August 17, 2000, the Corporation and Mr. Gellis entered into a letter agreement amending

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Mr. Gellis' 1998 employment agreement and extending the term of Mr. Gellis' employment through December 31, 2001. Under the amended agreement, Mr. Gellis received a base salary of \$275,000 for 2000 and a base salary of \$290,000 for 2001. The amended agreement also provided that Andrew Gellis Productions, Inc. f/s/o Andrew Gellis would receive a minimum in each year of the term of \$60,000 in connection with writing scripts. Pursuant to the amended agreement, Mr. Gellis was granted options to purchase 25,000 common shares in accordance with the Stock Option Plan on September 27, 2000. The amended agreement also provided that if Mr. Gellis was terminated other than for cause, or in the event that the agreement was not renewed, he would have one (1) year after such termination to exercise his options that were vested at the time of such termination. The restrictive covenants, including non-competition provisions, of Mr. Gellis' existing employment agreements, as well as other provisions not modified by the amended agreement, remain in force. Mr. Gellis' employment terminated on December 31, 2001.

The Corporation entered into an employment agreement with Richard Intrator dated February 17, 2000, under which Mr. Intrator was employed as President, IMAX Enterprises/Executive Vice President, IMAX Ltd. The agreement had a three-year term and provided for an annual base salary to Mr. Intrator of \$350,000 for the year ended February 17, 2001, and annual increases of \$25,000 in each of the following two years. The agreement further provided that Mr. Intrator was entitled to receive a minimum annual bonus of \$150,000, as well as a discretionary bonus based on a percentage of base salary. The agreement provided that the employment of Mr. Intrator may be terminated at any time for cause. If Mr. Intrator's employment was terminated without cause, the Corporation must pay Mr. Intrator his base salary, minimum bonus and benefits

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for the balance of the term. The agreement contains non-competition and confidentiality covenants. Mr. Intrator's employment terminated on December 31, 2001. Pursuant to the agreement, Mr. Intrator was granted 300,000 options to purchase common shares in accordance with the Stock Option Plan on February 17, 2000, which options were cancelled following the termination of Mr. Intrator's employment. The Corporation will continue to make payments and provide benefits to Mr. Intrator as provided in the agreement.

The Corporation and David Keighley Productions 70 MM Inc. (formerly David Keighley Productions and 70MM Inc.) ("DKP/70MM"), a wholly owned subsidiary of the Corporation, entered into an employment agreement on July 15, 1997. The agreement is for a five-year term. Under this agreement, Mr. Keighley is to receive an annual base salary of \$212,405 in the year ended July 15, 1998 and will receive an annual base salary of 105% of the previous year's base salary in each of the next four years during the term of the agreement. Mr. Keighley is entitled to receive an annual bonus of one-third of his annual base salary if DKP/70MM meets its pre-tax profit threshold as provided in the agreement. Mr. Keighley is also entitled to receive a further profit-based bonus of 10% of any excess of DKP/70MM audited profit before taxes over DKP/70MM's pre-tax profit threshold. Under the agreement, Mr. Keighley has given covenants regarding confidentiality and non-competition. The agreement provides that the employment of Mr. Keighley may be terminated at any time for cause or without cause. If Mr. Keighley's employment is terminated without cause, DKP/70MM must continue to pay Mr. Keighley his annual base salary for the remainder of his employment term, subject to mitigation by Mr. Keighley.

report on executive compensation

### COMPOSITION OF COMPENSATION COMMITTEE

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The Board of Directors constituted a Compensation Committee in November 1996. The members of the Compensation Committee are Messrs. Girvan, Koffler and Ziebold. As the Compensation Committee did not participate in executive compensation decisions in respect of 2001, other than the compensation of the Executives, the compensation of the Corporation's employees was established through guidelines set by the Board of Directors.

### EXECUTIVE COMPENSATION REPORT

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Compensation for all the Corporation's employees, including its Named Executive Officers, is based on each employee's job responsibilities and on his or her individual performance over time. The Corporation's executive compensation program has three principal components: base salary, annual variable incentive compensation and stock options. The Corporation believes these components collectively provide a fair and competitive pay package and an appropriate relationship between an executive's compensation, the executive's performance and the Corporation's performance.

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### BASE SALARY

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A salary range is established for each salaried position in the Corporation, including each Named Executive Officer position other than the Executives. The midpoint of each salary range is generally equal to the average salary of

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equivalent positions at other comparable companies. Each executive officer's base salary is determined by reviewing his or her sustained job performance over time, based on individual performance and performance of the business or staff unit over which the executive officer exercises responsibility. Business or staff unit performance is assessed on return on total capital, achievement of sales or production targets, effectiveness of cost-containment measures, progress toward implementation of process improvements and other factors relevant to each executive officer's position. The relative weight attributed to each factor, with respect to each executive officer, is an inherently subjective judgement.

### ANNUAL INCENTIVE COMPENSATION

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Certain employees of the Corporation, including most of its executive officers other than the Co-Chief Executive Officers, receive a portion of their annual compensation in the form of bonuses under the Management Incentive Plan. Bonuses are awarded under this plan provided annual operating targets are achieved by the Corporation and provided that personal performance standards are achieved by the participating employees. An aggregate of \$696,064 has been paid to all employees participating in this plan in respect of 2001.

### STOCK OPTIONS

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The Corporation's long-term incentive compensation for executive officers and other key managers is provided through grants of stock options. The Stock Option Plan has received shareholder approval and is administered by the Option Committee of the Board of Directors. The number of stock options granted is determined by a competitive compensation analysis and is based on each individual's salary range and responsibility and takes into account the number and exercise price of options previously granted to individuals. All grants pursuant to the Stock Option Plan are made with an exercise price equal to the fair market value of the Corporation's common shares on the date of grant.

During 2001, stock options were granted to certain of the Corporation's executive officers and other Stock Option Plan participants. Certain Named Executive Officers received options to purchase common shares of the Corporation, as detailed in the option grants table above. In determining the number of shares to include in the Named Executive Officers' grants, consideration was given to information about stock option grants to executive officers in comparable companies and the number of shares granted to other executive officers and the value of those options.

### COMPENSATION OF CO-CHIEF EXECUTIVE OFFICERS

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The Compensation Committee of the Board of Directors was constituted in November 1996 to make recommendations to the Board of Directors regarding the compensation of the Co-Chief Executive Officers of the Corporation, Messrs. Gelfond and Wechsler.

The foregoing report has been furnished by G.M. Girvan, M.B. Koffler and W.T. Ziebold, as members of the Compensation Committee and by K.G. Copland, J.T. Eyton, G.M. Girvan, E.B. Jones, G.E. King, M.B. Koffler, S. Reisman, M.A. Utay and W.T. Ziebold, as members of the Board of Directors.

April 30, 2002.



## performance graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Corporation against the cumulative total return of the Nasdaq Composite Index and The Toronto Stock Exchange (the "TSE") 300 Stock Index from June 10, 1994, the day on which the Corporation became listed on the Nasdaq National Market, to the end of the most recently completed financial year.

## [PERFORMANCE GRAPH]

Imax	100	62.96	168.52	229.63	325.93	468.52
Nasdaq	100	103.17	144.35	176.78	216.34	298.60
TSE 300	100	99.99	117.58	150.42	165.71	152.32
Imax	14.96					
Nasdaq	265.04					
TSE 300	181.05					

## corporate governance

The TSE passed a by-law in 1995 which requires companies incorporated in Canada and listed on the TSE to disclose their corporate governance practices in their annual meeting materials. This by-law contains a number of guidelines ("Guidelines") relating to corporate governance practices which have been considered in light of the unique opportunities and challenges facing the Corporation, as well as the nature of its share ownership.

The Board of Directors of the Corporation is responsible for the supervision of the management of the Corporation and for the overall strategic direction of its business. The Board of Directors is also responsible, with the assistance of management, for the identification of the risks and opportunities of the Corporation's business and for monitoring how effectively the Corporation meets these risks and capitalizes upon the opportunities. The corporate governance practices of the Corporation have been designed and followed to assist the Corporation in meeting its core objectives and to enhance shareholder value.

The Board of Directors is currently composed of 11 directors. Two of the directors, Messrs. Gelfond and Wechsler are inside management directors and are considered to be "related" within the meaning of the TSE Guidelines. Messrs. Copland, Eyton, Girvan, Jones, King, Koffler, Reisman, Utay and Ziebold are outside directors and are considered to be "unrelated" within the meaning of the Guidelines. The Board of Directors considers that directors who are "related" within the meaning of the Guidelines are able to, and do, act with a view to the best interests of the Corporation and that their relationships with the Corporation are central to their ability to act in its best interests. If the directors nominated in this circular are elected at the Meeting, the ratio of inside management directors to outside directors will not change.

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The corporate governance practices followed by the Corporation were originally instituted prior to the time the Corporation went public as one aspect of the efforts of the new owners of the Corporation to introduce new strategic directions to the Corporation. Key elements of these corporate governance practices are contained in the Shareholders' Agreement which contains provisions relating to the composition of the Board of Directors and committees of the Board of Directors (see description of this agreement under "interest of management in certain

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transactions" below) and the Articles of the Corporation which contain provisions relating to the approval of certain matters by the directors (see description of these provisions under "Articles of the Corporation" below).

To date, the Board of Directors has not thought it necessary for the Corporation to have the extensive committee structure recommended in the Guidelines. A corporate governance committee has not been created, as the Board of Directors retains responsibility for these matters. The Board of Directors appoints the Corporation's Audit Committee, Compensation Committee, Nominating Committee and Option Committee. The Audit Committee is currently composed of Mr. Wechsler and two outside directors, Messrs. Girvan and King. The Audit Committee meets with the external auditors of the Corporation, both with and without management present, to review the Corporation's accounting policies, its quarterly and year-end financial statement information and their presentation, and significant financial issues which may arise for the Corporation. The Compensation Committee is currently composed of Messrs. Girvan, Koffler and Ziebold. The Compensation Committee is responsible for setting objectives for the Co-Chief Executive Officers, assessing their performance on a periodic basis and reviewing the Stock Option Plan, from time to time. The Option Committee is currently composed of Messrs. Girvan and Utay. The Option Committee is responsible for performing the functions required of it under the Stock Option Plan including the grant of options to participants under the Stock Option Plan, from time to time. The Nominating Committee is currently composed of Messrs. Gelfond and Ziebold. The Nominating Committee is responsible for identifying and recommending potential candidates for election to the Board of Directors.

If the directors nominated in this circular are elected at the Meeting, the new Board of Directors will determine Committee memberships for the next year.

The Board of Directors has not felt it necessary to add to the procedures currently in place to ensure its independence from management. The Board of Directors believes that the participation of those members of the management of the Corporation who are on the Board of Directors has been an essential element in the Board of Directors' ability to meet its objectives. All directors exercise critical independent judgement and the outside directors have unrestricted direct access to both the executives of the Corporation and its external auditors. To date there has been no necessity for discussion of a system enabling an individual director to engage an outside advisor at the expense of the Corporation.

The Board of Directors regards its corporate governance practices as appropriate for its business and shareholders and as an efficient and effective tool in the discharge of its responsibilities.

STANDSTILL AGREEMENT  
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On July 9, 2001 pursuant to Section 3(c)(iv) of the Shareholders' Agreement (see

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description of this agreement under "interest of management in certain transactions" below) the Corporation and each of Messrs. Gelfond and Wechsler entered into a Standstill Agreement (the "GW Standstill Agreement"). Under the terms of the GW Standstill Agreement, each of Messrs. Gelfond and Wechsler agreed to vote in any election for directors in favour of each person nominated by the then current Board of Directors, not to participate in or facilitate proxy contests, not to deposit into a voting trust or subject voting securities to an agreement with respect to voting such securities, not to acquire or affect or attempt to acquire or affect control of the Corporation or to participate in a "group" as defined pursuant to Section 13(d) of the U.S. Securities Exchange Act of 1934, which owns or seeks to acquire beneficial ownership or control of the Corporation, and not to attempt to influence the Corporation except through normal Board of Directors' processes; provided, however, that the GW Standstill Agreement does not prevent either of Messrs. Gelfond and Wechsler from taking any action in his capacity as an officer or employee of the Corporation or any of its subsidiaries, including as Co-Chief Executive Officer or Co-Chairman of the Corporation. As a result of entering into the GW Standstill Agreement, in the event of the resignation, death, disqualification under the Canada Business Corporations Act or the removal or expiration of the term of any director designated by Messrs. Gelfond and Wechsler pursuant to the Shareholders' Agreement, Messrs. Gelfond and Wechsler shall have the right to designate a replacement for such director pursuant to the terms of the Shareholders' Agreement, and WP shall use its best efforts to cause each such designated director to be elected or appointed as a director of the Corporation. The GW Standstill Agreement expires on July 8, 2002, and provides that Messrs. Gelfond and Wechsler may, from time to time, extend the term of the GW Standstill Agreement for additional one year terms thereafter (but in no event beyond March 1, 2004).

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ARTICLES OF THE CORPORATION

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The Articles of the Corporation set forth the requirement that certain matters be approved by 75% of the directors then in office. These matters are: (i) hiring or terminating the employment of the Chief Executive Officer or any Co-Chief Executive Officer of the Corporation; (ii) issuing any shares of capital stock for a purchase price, or incurring indebtedness, in an amount of \$25 million or more; (iii) disposing of any material single asset, or all or substantially all of the assets of the Corporation or approving the sale or merger of the Corporation; (iv) acquiring a substantial interest in any other entity or entering into any major strategic alliance; and (v) entering into or changing the terms of any agreement or transaction with WP or Messrs. Gelfond and Wechsler (other than agreements in the ordinary course of business, such as employment agreements).

interest of management in certain transactions

SHAREHOLDERS' AGREEMENT

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The Corporation, Wasserstein Perella Partners, L.P., Wasserstein Perella Offshore Partners, L.P., WPPN, Inc., and the Michael J. Biondi Voting Trust (collectively "WP"), and each of Messrs. Gelfond and Wechsler are parties to a Second Amended and Restated Shareholders' Agreement (the "Shareholders' Agreement") dated as of February 9, 1999, which amends and restates the previous amended and restated shareholders agreement among those parties dated June 16, 1994. The Shareholders' Agreement includes, among other things, certain

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restrictions on transfers of common shares, take-along rights and come-along rights. If WP holds at least 35% of their original holdings and WP desires to transfer all of their securities in a transaction in which a majority of the shares of outstanding common stock are to be sold, then Messrs. Gelfond and Wechsler will be required to sell their securities on the same terms as WP sells its securities.

The Shareholders' Agreement also contains provisions related to the composition of the Board of Directors and committees thereof. WP is entitled, but not required, to designate individuals to be nominated for election as directors as follows: so long as WP holds 3,685,759 or more common shares, it may designate six nominees, of whom three may be employees of WP and its affiliates (the "WP Employee Designees") and three shall be independent persons and resident Canadians. If WP holds less than 3,685,759 common shares, but 1,842,879 or more common shares, it may designate four nominees, of whom two may be WP Employee Designees and two shall be independent persons and resident Canadians. If WP holds less than 1,842,879 common shares but 921,439 or more common shares, it may designate two nominees, one of whom may be a WP Employee Designee and the other of whom shall be an independent person and shall be a resident Canadian. In addition to these provisions, each of Messrs. Gelfond and Wechsler is entitled to be a director of the Corporation so long as he is either a Co-Chief Executive Officer or is the Chief Executive Officer of the Corporation or Messrs. Gelfond and Wechsler own more than 375,000 common shares. In addition, Messrs. Gelfond and Wechsler are collectively entitled, but not required, to designate individuals to be nominated for election as directors as follows: so long as they hold 1,628,000 or more common shares, they may designate three nominees, all of whom shall be independent persons and resident Canadians. If they hold less than 1,628,000 common shares, but 1,075,000 or more common shares, they may designate two nominees, both of whom shall be independent and resident Canadians. If they hold less than 1,075,000 common shares but 375,000 or more common shares, they may designate one nominee who shall be an independent person and resident Canadian. If the requirement that the Corporation have "resident Canadian" directors is changed, then neither WP nor Messrs. Gelfond and Wechsler will be required to designate resident Canadian nominees.

The Shareholders' Agreement also provides that the Corporation, WP and each of Messrs. Gelfond and Wechsler shall use their best efforts to cause the Corporation to establish a nominating committee of the Board of Directors consisting of two directors, one designated by WP and the other designated by Messrs. Gelfond and Wechsler. In addition, WP has the right, subject to the approval of Messrs. Gelfond and Wechsler, to designate a WP Employee Designee for appointment by the Board of Directors of the Corporation as the Non-Executive Chairman of the Board, as long as WP holds at least 2,948,607 common shares. W. Townsend Ziebold has been approved as such designee. If Mr. Ziebold no longer holds that position, then WP is to propose three replacements and Messrs. Gelfond and Wechsler shall select one of those proposed for appointment by the Board as the Non-Executive Chairman. Each of Messrs. Gelfond and Wechsler is entitled to be appointed as a Co-Chairman or Chairman of the Corporation as long as he is a Co-Chief Executive Officer or the Chief Executive Officer of the

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Corporation. The Agreement provides that the duties of the Non-Executive Chairman and the Co-Chief Executive Officers shall be as set forth in the By-laws, including the requirement that the following actions be approved by the Non-Executive Chairman and at least one of the Co-Chief Executive Officers: setting the dates and times of meetings of the directors and shareholders (other than normal quarterly Board of Directors, and annual shareholders' meetings), setting the agenda of such meetings, and appointing members of committees of the

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Board of Directors other than persons designated by WP and Messrs. Gelfond and Wechsler as provided in the Shareholders' Agreement. Each of WP and Messrs. Gelfond and Wechsler have the right to designate one director to serve on each committee of the Board of Directors of the Corporation, provided that each such person meets applicable regulatory requirements.

Each of WP and Messrs. Gelfond and Wechsler agreed to use their best efforts to cause there no longer to be CEO Advisors as of the date upon which all of the WP Employee Designees are elected as directors of the Corporation. All of the WP Employee Designees were elected as directors at the Corporation's annual and special meeting of shareholders held June 7, 1999 and the CEO Advisors were disbanded in June, 1999.

### REGISTRATION RIGHTS AGREEMENT

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The Corporation, WP and Messrs. Gelfond and Wechsler also entered into a registration rights agreement (the "Registration Rights Agreement") dated as of February 9, 1999, which carried forward the corresponding provisions of the June 16, 1994 shareholders agreement, and pursuant to which each of WP and Messrs. Gelfond and Wechsler have certain rights to cause the Corporation to use its best efforts to register their securities under the U.S. Securities Act of 1933. WP is entitled to effect up to four demand registrations and Messrs. Gelfond and Wechsler are entitled to make two such demand registrations. WP and Messrs. Gelfond and Wechsler also have unlimited piggy-back rights to register their securities under the Registration Rights Agreement whenever the Corporation proposes to register any securities under the U.S. Securities Act, other than the registration of securities pursuant to an initial public offering or the registration of securities upon Form S-4 or S-8 under the U.S. Securities Act or filed in connection with an exchange offer or an offering of securities solely to the Corporation's existing shareholders. In addition to these provisions, if Messrs. Gelfond and Wechsler hold at least 25% of their original holdings, WP has recouped its original investment plus a 30% compounded annual return on such investment, and WP initiates the sale of the Corporation, then for 60 days thereafter, WP will enter into exclusive negotiations with Messrs. Gelfond and Wechsler, and for another 60 days thereafter WP may not enter into an agreement for the sale of the Corporation to a third party. The Corporation is required to use its best efforts to cause at its option either (i) the sale of the Corporation within a period of 180 days from receipt of the notice to liquidate, (ii) the filing of a registration statement pursuant to the U.S. Securities Act within a period of 120 days from its receipt of the notice to liquidate, or (iii) purchase the securities owned by Messrs. Gelfond and Wechsler for cash at the fair market value as agreed upon by the Corporation and Messrs. Gelfond and Wechsler within 20 days of the notice to liquidate, or in the event of their failure to reach an agreement, as determined by a procedure utilizing nationally recognized investment banking firms. In the event that Messrs. Gelfond and Wechsler exercise their rights to require the Corporation to take such action, they may be entitled to certain cash bonus payments as described above under "Executive Compensation -- Employment Contracts".

The former shareholders of the Corporation have substantially similar piggyback registration rights that commenced on March 1, 1996 pursuant to the terms of the Selling Shareholders' Agreement (as defined below).

WP, Messrs. Gelfond and Wechsler, and the former shareholders of Predecessor IMAX have entered into another shareholders' agreement (the "Selling Shareholders' Agreement") which includes, among other things, registration rights, tag along rights and drag along rights.



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In respect of the election of the nominees for directors of the Corporation as a group listed in the Management Proxy Circular and Proxy Statement.

(2) VOTE [ ] WITHHOLD FROM VOTING [ ]

In respect of the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation and authorizing the directors to fix their compensation.

Date: ----- , 2002

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(Print name of Registered Holder of  
Common Shares)

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(Signature of Registered Holder or  
Authorized Signatory)

Notes:

- (1) YOU HAVE THE RIGHT TO APPOINT A PERSON OTHER THAN THE MANAGEMENT NOMINEES TO ATTEND AND ACT FOR YOU AT THE MEETING. SUCH PERSON NEED NOT BE A SHAREHOLDER OF THE CORPORATION. In such case, please delete the names of Messrs. Wechsler, Gelfond, Lister and Ms. Ruby as your proxy nominee and insert the name of the desired person in the blank space provided for this purpose.
- (2) If the proxy is not dated in the space provided for this purpose, it will be deemed to bear the date on which it was mailed by the Corporation.
- (3) To be valid, this proxy must be dated and signed by yourself, as the registered holder of common shares, or as a person named as a proxy nominee in respect of this Meeting in an omnibus proxy containing a power of substitution pursuant to applicable securities laws, or your attorney. If the registered holder or the person named in an omnibus proxy is a corporation, this proxy must be signed by an authorized officer or attorney of such corporation.