

SCHEDULE 1

SETTLEMENT AGREEMENT

Made as of the th15 day of October, 2015

Between

**Marvin Neil Silver and Cliff Cohen, individually
and in their capacity as the representative plaintiffs in
Silver et al. v. Imax Corporation et al. (Court File No. CV-06-3257-00)**

and

**Imax Corporation, Richard L. Gelfond, Bradley J. Wechsler, Francis T. Joyce,
Neil S. Braun, Kenneth G. Copland, Garth M. Girvan, David W. Leebron
and Kathryn A. Gamble**

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SETTLEMENT AGREEMENT

Subject to the approval of the Court as provided herein, the Plaintiffs and the Defendants hereby agree that, as of the Effective Date, they will settle the Action on the terms of this Agreement.

SECTION 1 – RECITALS

1.1 WHEREAS

- A. The Plaintiffs commenced the Action alleging, among other things, that the Defendants misrepresented that certain of Imax's financial statements for fiscal 2005 were prepared and reported in accordance with generally accepted accounting principles;
- B. On December 14, 2009, the Court granted leave to commence an action pursuant to Part XXIII.1 of the *OSA* and certified the action as a class proceeding;
- C. Counsel for the Plaintiffs and counsel for the Defendants have engaged in extensive and protracted arm's-length settlement discussions and negotiations in an effort to resolve the Action, including, most recently, a mediation before Ronald G. Slaght, an experienced mediator;
- D. As a result, the Defendants and the Plaintiffs have entered into this Agreement, which embodies all of the terms and conditions of the Settlement between the Defendants and the Plaintiffs (both individually and on behalf of the Class) subject to the approval of the Court;
- E. The Parties have negotiated and entered into this Agreement to fully, definitively and permanently resolve, settle and release and discharge all claims asserted, or which could have been asserted, against the Defendants by the Plaintiffs on their own behalf and on behalf of the Class, and to avoid the further expense, inconvenience and burden of this litigation and avoid the risks inherent in uncertain, complex and protracted litigation;
- F. The Plaintiffs and Class Counsel have reviewed and fully understand the terms of this Agreement and, based on their analyses of the facts and applicable law, and having regard to the burdens and expense in prosecuting the Action, including the risks and uncertainties associated

with trials and appeals, have concluded that this Settlement is fair, reasonable and in the best interests of the Plaintiffs and the Class;

G. The Defendants do not admit, through the execution of this Agreement, any of the acts or omissions alleged in the Action and expressly deny any and all allegations of fault, wrongdoing, liability or damage whatsoever that the Plaintiffs have asserted or could have asserted in the Action or otherwise;

H. The Plaintiffs and Class Counsel confirm that neither this Agreement, nor any statement made in the negotiation thereof, shall be deemed or construed to be an admission by or evidence against the Defendants or evidence of the truth of any of the Plaintiffs' allegations against the Defendants;

I. For the purposes of settlement only and contingent on the approval of the Settlement by the Court, as provided for in this Agreement, the Plaintiffs will consent to a dismissal of the Action.

J. NOW THEREFORE, in consideration of the agreements and releases in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Action be settled, subject to the approval of the Settlement by the Court, and that all claims against the Defendants which any person shall or may have or assert against any of the Defendants be forever extinguished and released on the following terms and conditions:

SECTION 2 – DEFINITIONS

For the purposes of this Agreement, including the Recitals and Schedules hereto, the following definitions shall have the meanings indicated below:

- (1) **Action** means the action *Silver et al. v. Imax Corporation et al.* brought in the Ontario Superior Court of Justice under Court File No. CV-06-3257-00 (Brampton).
- (2) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable relating to notice, approval, implementation and administration of the Settlement, including the costs of translating, publishing and delivering

notices and the fees, disbursements and taxes paid to the Administrator, the person appointed to receive and report on objections to the Settlement to the Court, the person appointed to receive and report to the Court on elections to opt out, the Referee, TMX Equity Transfer Services, Broadridge Financial Solutions Inc. and any other expenses approved by the Court all of which shall be paid from the Settlement Amount. For greater certainty, Administration Expenses include the Non-Refundable Expenses, but do not include Class Counsel Fees.

- (3) **Administrator** means the third-party firm selected at arm's length and recommended by Class Counsel, and appointed by the Court to administer the Agreement, and any employees of such firm.
- (4) **Agreement** means this agreement, including the Recitals and Schedules hereto.
- (5) **Approval Hearing** means the hearing of the motion to approve the Settlement.
- (6) **Approval Motion** means the motion brought by the Plaintiffs in the Court for the Approval Order approving the Settlement, appointing the Administrator and the Referee, and the motion brought by Class Counsel for approval of Class Counsel Fees.
- (7) **Approval Order** means the order made by the Court approving the Settlement, generally in the form of the order at Schedule "A".
- (8) **Authorized Claimant** means any Class Member who has been approved for compensation by the Administrator in accordance with the Plan of Allocation.
- (9) **Claim Form** means the form or forms to be approved by the Court which, when completed and submitted in a timely manner to the Administrator, enables a Class Member to apply for compensation pursuant to the Agreement.
- (10) **Claims Bar Deadline** means the date by which each Class Member must file a Claim Form and all required supporting documentation with the Administrator which date shall be one hundred and twenty (120) days after the date on which the Second Notice is first published.
- (11) **Class or Class Members** means all persons, other than Excluded Persons, who acquired Securities during the Class Period on the Toronto Stock Exchange and the NASDAQ, and held some or all of those securities at the close of trading on August 9, 2006.
- (12) **Class Counsel** means Sutts, Strosberg LLP and Siskinds LLP.

- (13) ***Class Counsel Fees*** means the fees, disbursements, costs, HST and other applicable taxes or charges of Class Counsel and a pro rata share of all interest earned on the Settlement Amount to the date of payment, as approved by the Court.
- (14) ***Class Period*** means the period from and including February 17, 2006 to and including August 9, 2006.
- (15) ***Court*** means the Ontario Superior Court of Justice.
- (16) ***CPA*** means the *Class Proceedings Act, 1992*, S.O. 1992, c. 6, as amended.
- (17) ***Defendants*** mean Imax Corporation, Richard L. Gelfond, Bradley J. Wechsler, Francis T. Joyce, Neil S. Braun, Kenneth G. Copland, Garth M. Girvan, David W. Leebron and Kathryn A. Gamble.
- (18) ***Effective Date*** means the date on which the Approval Order becomes a final order.
- (19) ***Eligible Securities*** means Securities purchased or otherwise acquired by a Class Member during the Class Period.
- (20) ***Escrow Account*** means the interest bearing trust account with one of the Canadian Schedule I banks in Ontario initially under the control of McCarthy Tétrault LLP and then transferred to the control of the Administrator.
- (21) ***Escrow Settlement Amount*** means the Settlement Amount plus any interest accruing thereon after payment of all Non-Refundable Expenses.
- (22) ***Excluded Persons*** means Imax's subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns, and any member of the Individual Defendants' families and any entity in which any of them has or had during the Class Period a legal or de facto controlling interest, and all NASDAQ purchasers during the Class Period who did not deliver an opt out notice in the U.S. class action *In re IMAX Securities Litigation*, Civil Action No. 1:06-cv-06128 (S.D.N.Y.).
- (23) ***First Motion*** means the motion brought by the Plaintiffs before the Court for the first order:
- (i) setting the date for the Approval Hearing;
 - (ii) approving the form and dissemination of the First Notice; and

- (iii) appointing Gregory Wrigglesworth of Kirwin Partners LLP to receive and report to the Court on Class Members' objections to the Settlement, if any.

(24) **First Notice** means the notice in English and French, to the Class of the Approval Hearing in a form to be approved by the Court which shall generally be in accordance with the notice at Schedule "C".

(25) **First Order** means the order that will be issued at the hearing of the First Motion and shall generally be in accordance with the order at Schedule "B".

(26) **Imax** means Imax Corporation.

(27) **Individual Defendants** means Richard L. Gelfond, Bradley J. Wechsler, Francis T. Joyce, Neil S. Braun, Kenneth G. Copland, Garth M. Girvan, David W. Leebron and Kathryn A. Gamble.

(28) **Newspapers** means the following newspaper publications: National Post (National Edition) and La Presse.

(29) **Non-Refundable Expenses** means certain administration expenses stipulated in section 4.1(1) of the Agreement to be paid from the Settlement Amount.

(30) **Parties** means the Plaintiffs and the Defendants.

(31) **Plaintiffs** means Marvin Neil Silver and Cliff Cohen.

(32) **Plan of Allocation** means the plan, as approved by the Court, which shall generally be in accordance with the plan at Schedule "D".

(33) **Plan of Notice** means the plan for disseminating the Second Notice to the Class, as approved by the Court, which shall generally be in accordance with the plan attached as Schedule "E".

(34) **Referee** means Gregory Wrigglesworth of Kirwin Partners LLP or such other person or persons appointed by the Court to serve in that capacity.

(35) **Released Claims** (or **Released Claim** in the singular) means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual, derivative or otherwise in nature, whether personal or subrogated, damages whenever incurred, and rights and liabilities of any nature whatsoever, including interest, costs, expenses, administration expenses,

penalties, Class Counsel Fees and lawyers' fees, known or unknown, suspected or unsuspected, in law, under statute or in equity, that the Releasors, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have as against the Releasees or any one or more of the Releasees relating in any way to the purchase, acquisition, sale, pricing, marketing or distributing of the Securities, or to any conduct alleged, or that could have been alleged, in the Action, without limitation and any such claims that have been asserted, would have been asserted or could have been asserted, whether in Canada or elsewhere, as a result of the purchase of Securities in the Class Period.

(36) ***Releasees*** means the Defendants, their insurers and their respective past and present affiliates, subsidiaries, directors, officers, partners, employees, representatives, successors, assigns and their heirs, executors, administrators, successors and assigns.

(37) ***Releasors*** means, jointly and severally, the Plaintiffs, the Class Members (excluding those who have validly opted out), including any person having a legal and/or beneficial interest in the Securities purchased or acquired by these Class Members, and their respective past and present directors, officers, employees, representatives, heirs, executors, attorneys, administrators, guardians, estate trustees, successors and assigns, as the case may be.

(38) ***Second Notice*** means notices in English and French to the Class of the Approval Order, as approved by the Court, which shall generally be in accordance with the notice in English at Schedule "F".

(39) ***Securities*** means common shares of Imax.

(40) ***Settlement*** means the settlement provided for in this Agreement.

(41) ***Settlement Amount*** means three million seven hundred fifty thousand dollars (Cdn. \$3,750,000.00), inclusive of the Administration Expenses, Class Counsel Fees, and all other costs or expenses related to the Action or the Settlement.

SECTION 3 – THE MOTIONS

3.1 Nature of Motions

- (1) The Parties shall use their best efforts to implement the Agreement and to secure the prompt, complete and final dismissal of the Action with prejudice and without costs.
- (2) The Plaintiffs shall bring the First Motion as soon as reasonably possible following the execution of the Agreement. The Defendants shall consent to the First Motion provided that it is consistent with the terms of this Agreement.
- (3) Following the determination of the First Motion, the First Notice shall be published in accordance with the directions of the Court and section 9.1 of the Agreement.
- (4) The Plaintiffs will thereafter bring the Approval Motion before the Court in accordance with its directions and the Defendants shall consent to the Approval Order sought in the Approval Motion (except as to Class Counsel Fees) provided that it is consistent with the terms of this Agreement.
- (5) Provided that the Settlement is approved by the Court, the Second Notice shall be published in accordance with the directions of the Court and section 9.2 of the Agreement.

3.2 Attornment

The Plaintiffs, individually and on behalf of all Class Members, hereby attorn to the jurisdiction of the Court in the Action, regardless of their province or territory or country of residence or where he/she/it purchased their Securities during the Class Period.

SECTION 4 – NON-REFUNDABLE EXPENSES

4.1 Payments

- (1) Expenses reasonably incurred for the following purposes shall be the Non-Refundable Expenses, which shall be capped at \$200,000 and shall be paid by McCarthy Tétrault LLP when incurred from the Settlement Amount:
 - (a) the costs incurred in connection with establishing and operating the Escrow Account;
 - (b) the costs incurred for translating, publishing and disseminating this Agreement and all schedules;

- (c) the costs incurred for translating, publishing and disseminating the First Notice and the Second Notice in accordance with the Plan of Notice;
 - (d) the costs of Gregory Wrigglesworth of Kirwin Partners LLP for receiving objections and reporting to the Court regarding objections to a maximum of \$2,000 for fees, plus disbursements and HST;
 - (e) if necessary, the costs incurred in translating, publishing and disseminating notice to the Class that the Agreement has been terminated; and
 - (f) if the Court appoints the Administrator and thereafter the Agreement is terminated pursuant to section 10, the costs reasonably incurred by the Administrator for performing the services required to prepare to implement the Settlement, including any mailing expenses, to a maximum of \$50,000.
- (2) McCarthy Tétrault LLP shall account to the Court and the Parties for all payments on account of Non-Refundable Expenses. In the event that the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination.

4.2 Disputes Concerning Non-Refundable Expenses

Any dispute concerning the entitlement to or quantum of Non-Refundable Expenses shall be dealt with by a motion to the Court on notice to the Parties.

SECTION 5 – THE SETTLEMENT AMOUNT

5.1 Payment of Settlement Amount

Within thirty (30) days of execution of this Agreement, the Defendants shall pay or cause to be paid the Settlement Amount, less any payments on account of Non-Refundable Expenses, to McCarthy Tétrault LLP, in trust, to be held in the Escrow Account until the Escrow Account is transferred to the Administrator.

5.2 Interim Investment of Escrow Account

McCarthy Tétrault LLP, and then the Administrator after the Settlement becomes final, shall hold the Settlement Amount in the Escrow Account and shall invest the Settlement Amount in a liquid money market account or equivalent security with a rating equivalent to, or better than that of an interest bearing account in a Canadian Schedule 1 bank and shall not pay out any amount from the Escrow Account, except in accordance with the terms of the Agreement.

5.3 Taxes on Interest

(1) Except as provided in section 5.3(2), all taxes payable on any interest which accrues in relation to the Settlement Amount, shall be the Class' responsibility and shall be paid by the Administrator, as appropriate, from the Escrow Settlement Amount, or by the Class as the Administrator considers appropriate.

(2) If the Administrator or McCarthy Tétrault LLP returns any portion of the Settlement Amount plus accrued interest, to the Defendants, pursuant to the provisions of the Agreement, the taxes payable on the interest portion of the returned amount shall be the responsibility of the Defendants to be allocated by agreement among themselves.

SECTION 6 – NO REVERSION

Unless the Agreement is terminated as provided herein or otherwise ordered by the Court, the Defendants shall not, under any circumstances, be entitled to the repayment of any portion of the Settlement Amount and then only to the extent of and in accordance with the terms provided herein.

SECTION 7 - DISTRIBUTION OF THE ESCROW SETTLEMENT AMOUNT

If the Settlement becomes final as contemplated by section 11 of this Agreement, the Administrator shall distribute the Escrow Settlement Amount in accordance with the following priorities:

- (a) to pay Class Counsel Fees;

- (b) to pay all of the costs and expenses reasonably and actually incurred in connection with the provision of notices, locating Class Members for the sole purpose of providing notice to them, soliciting Class Members to submit a Claim Form, including the notice expenses reasonably and actually incurred by TMX Equity Transfer Services and/or Computershare and Broadridge Financial Solutions Inc. in connection with the provision of notice of this Settlement to Class Members. For greater certainty, the Defendants are specifically excluded from eligibility for any payment of costs and expenses under this subsection;
- (c) to pay all of the costs and expenses reasonably and actually incurred by the Administrator and the Referee, relating to determining eligibility, the filing of Claim Forms, resolving disputes arising from the processing of Claim Forms and administering and distributing the Settlement Amount;
- (d) to pay any taxes required by law to be paid to any governmental authority; and
- (e) to pay a share of the balance of the Escrow Settlement Amount to each Authorized Claimant as provided for in accordance with the Plan of Allocation.

SECTION 8 – EFFECT OF SETTLEMENT

8.1 No Admission of Liability

Whether or not this Agreement is terminated neither this Agreement nor any and all negotiations, discussions and communications associated with this Agreement shall be deemed, construed or interpreted as a concession or admission of fault, wrongdoing, liability or damage by the Releasees, or as a concession or admission by the Releasees of the truthfulness or merit of any claim or allegation asserted in the Action. In fact, the Defendants continue to vigorously deny and contest the allegations made in the Action.

8.2 Agreement Not Evidence

(1) Whether or not the Agreement is terminated, neither the Agreement, nor anything contained herein, nor any of the negotiations or proceedings connected with it, nor any related document, nor any other action taken to carry out the Agreement, shall be referred to, offered as

evidence or received in evidence in any pending or future civil, criminal, quasi-criminal or administrative action or proceeding.

(2) Notwithstanding section 8.2(1), the Agreement may be referred to or offered as evidence in a proceeding to approve or enforce the Agreement, to defend against the assertion of Released Claims, and as otherwise required by law.

8.3 Best Efforts

The Parties shall use their best efforts to implement the terms of the Agreement. The Parties agree to hold in abeyance all steps in the Action, including all discovery, other than proceedings provided for in the Agreement, the First Motion, the Approval Motion and such other proceedings required to implement the terms of the Agreement, until the Settlement is final.

8.4 Restrictions on Further Litigation

Class Counsel, and anyone currently or hereafter employed by, or a partner with, Class Counsel may not, directly or indirectly, participate or be involved in, or in any way assist with respect to any claim or action commenced by any person which relates to or arises from the Released Claims.

SECTION 9 – NOTICE TO THE CLASS

9.1 First Notice

Class Counsel shall cause the First Notice to be translated, published and disseminated in accordance with the First Order as approved by the Court and these costs shall be paid as a Non-Refundable Expense as provided in section 4.1(1).

9.2 Second Notice

Class Counsel shall cause the Second Notice to be translated, published and disseminated in accordance with the Plan of Notice as approved by the Court and the costs of so doing shall be paid as a Non-Refundable Expense as provided in section 4.1(1).

9.3 Report to the Court

Forthwith after the publication and dissemination of each of the notices required by this section, Class Counsel shall serve on the Defendants and file with the Court an affidavit confirming that the notices have been translated, published and disseminated in accordance with this Agreement and the Plan of Notice.

9.4 Notice of Termination

If the Agreement is terminated in accordance with the provisions in section 10 a notice of the termination will be given to the Class. Class Counsel will cause the notice of termination, in a form approved by the Court, to be translated, published and disseminated as the Court directs and the costs of so doing shall be paid as a Non-Refundable Expense as provided in section 4.1(1).

SECTION 10 – TERMINATION OF THE AGREEMENT

10.1 General

- (1) The Agreement shall, without notice, be automatically terminated if the Settlement is not approved or the Approval Order is reversed on appeal and the reversal becomes final.
- (2) The Defendants may terminate this Agreement, with notice to the Plaintiffs, in the event that:
 - (a) the Court declines to grant an Approval Order (excluding approval of Class Counsel Fees) generally in accordance with the form at Schedule “A” or declines to approve this Agreement or any material term or part thereof;

- (b) the Court grants an Approval Order (excluding approval of Class Counsel Fees) not generally in accordance with the form at Schedule "A" or approves this Agreement in a materially modified form; or
 - (c) the Approval Order does not finally dismiss the Action against all the Defendants with prejudice and without costs.
- (3) An approval or award of Class Counsel Fees is not a condition of this Agreement and the failure of the Court to approve the request by Class Counsel for Class Counsel Fees shall not be grounds for any Party to terminate this Agreement.
- (4) In the event the Agreement is terminated in accordance with the terms of this section:
 - (a) the Plaintiffs and the Defendants will be restored to their respective positions in the Action prior to the execution of the Agreement;
 - (b) the Agreement will have no further force and effect and no effect on the rights of the Plaintiffs or the Defendants; and
 - (c) the Agreement will not be introduced into evidence or otherwise referred to in any litigation against the Defendants.
- (5) Notwithstanding the provisions of section 10.1(4), if the Agreement is terminated, the provisions of this section and sections 2, 4, 5, 8.1, 8.2, 9.1, 9.3, 9.4, 10.1(4), 10.2, 10.3, 13.1(2), 16.1, 16.2, 16.3, 16.4, 16.5, 16.6(2), 16.8, 16.9, 16.10, 16.11, 16.12, 16.13, 16.14 and the recitals and schedules applicable thereto shall survive termination and shall continue in full force and effect.

10.2 Allocation of Monies in the Escrow Account Following Termination

- (1) The Administrator and McCarthy Tétrault LLP shall account to the Court and the Parties for the amounts maintained in the Escrow Account. If the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination.
- (2) If the Agreement is terminated, the Defendants shall, within thirty (30) days after termination, apply to the Court, on notice to the Plaintiffs and the Administrator, for an order:
 - (a) declaring the Agreement null and void and of no force or effect except for the provisions of those sections listed in section 10.1(5);

- (b) requiring the notice of termination to be sent out to the Class Members and, if so, the form and method of disseminating such a notice;
 - (c) requesting an order setting aside, *nunc pro tunc*, all prior orders or judgments entered by the Court in accordance with the terms of this Agreement; and
 - (d) authorizing the payment of:
 - (i) all funds received from any of the Defendants and not yet paid into the Escrow Account pursuant to section 5.1; and
 - (ii) all funds in the Escrow Account, including accrued interest, to the Defendants, apportioned based on their respective contributions, directly or indirectly, to the Escrow Account, as the case may be, minus any amounts paid out of the Escrow Account in accordance with the terms of the Agreement.
- (3) Subject to section 10.3, the Parties shall consent to the orders sought in any motion made by the Defendants pursuant to section 10.2(2).

10.3 Disputes Relating to Termination

If there are any disputes about the termination of the Agreement, the Court shall determine any dispute by motion on notice to the Parties.

SECTION 11 – DETERMINATION THAT THE SETTLEMENT IS FINAL

11.1 The Effective Date

The Settlement shall be considered final on the Effective Date.

11.2 Transfer of Escrow Account

Within five (5) days after the Effective Date, McCarthy Tétrault LLP shall transfer the Escrow Account to the Administrator.

11.3 Dismissal of Action

On the Effective Date, the Action shall be dismissed without costs and with prejudice.

11.4 Media

The Plaintiffs shall be entitled to issue a single press release after the Effective Date with the wording to be mutually agreed upon by counsel to the Parties. No notice of the fact of the Settlement, the terms of the Settlement or the Settlement Amount, shall otherwise be communicated by any Party or their counsel other than in Court filings or as authorized by the Court until that date.

SECTION 12 – RELEASES AND JURISDICTION OF THE COURT

12.1 Release of Releasees

As of the Effective Date, the Releasors forever and absolutely release the Releasees from the Released Claims.

12.2 No Further Claims

(1) As of the Effective Date, the Releasors and Class Counsel shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee or any other person who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto.

(2) For greater certainty, the Releasors and Class Counsel acknowledge that they may subsequently discover facts adding to those they now know, but nonetheless agree that section 12.2(1) applies regardless of the subsequent discovery of facts different from those they are aware of on the Effective Date. By means of the Settlement, the Releasors waive any right they might have under the law, common law, civil law, in equity or otherwise, to disregard or avoid

the release and discharge of the unknown claims for any reason whatsoever and expressly relinquish any such right and each Class Member shall be deemed to have waived and relinquished such right. Furthermore, the Releasors agree to this waiver of their own volition, with full knowledge of its consequences and that this waiver was negotiated and constitutes a key element of the Settlement.

SECTION 13 – ADMINISTRATION

13.1 Appointment of the Administrator

- (1) The Court will appoint the Administrator to serve until further order of the Court, to implement the Agreement and the Plan of Allocation, on the terms and conditions and with the powers, rights, duties and responsibilities set out in the Agreement and in the Plan of Allocation.
- (2) If the Agreement is terminated, the Administrator's fees, disbursements and taxes will be paid as set out in section 4.1(1).
- (3) If the Agreement is not terminated, the Court will approve and fix the Administrator's compensation and payment schedule on motion by the Plaintiffs.

13.2 Appointment of the Referee

- (1) The Court will appoint the Referee with the powers, duties and responsibilities set out in the Agreement and the Plan of Allocation.
- (2) The fees, disbursements and taxes of the Referee will be fixed by the Court on motion by the Plaintiffs and shall not exceed \$25,000, exclusive of disbursements and HST. When directed by the Court, the Administrator will pay the Referee from the Escrow Settlement Amount.

13.3 Information and Assistance from the Defendants

- (1) Within thirty (30) days of the approval of the Settlement, and provided that it is so directed in the Approval Order, upon request, Imax will authorize and direct TMX Equity Transfer Services and/or Computershare to deliver a computerized list of the names and addresses of persons who purchased Securities during the Class Period in its possession to Class

Counsel and the Administrator. Upon request, Imax will also authorize Broadridge Financial Solutions Inc. to obtain information about Class Members who held beneficial interests in the Securities during the Class Period.

(2) Imax will identify a person to whom the Administrator may address any requests for information in respect of s. 13.3(1) of the Agreement. Imax agrees to make reasonable efforts to answer any reasonable inquiry from the Administrator in order to facilitate the administration and implementation of the Agreement and the Plan of Allocation.

(3) Class Counsel and/or the Administrator may use the information obtained in accordance with sections 13.3(1) and (2) only for the purposes of delivering the Second Notice and administering and implementing the Agreement and the Plan of Allocation.

(4) Any information obtained or created in the administration of this Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of distributing notices and the administration of the Agreement and Plan of Allocation.

13.4 Claims Process

(1) In order to seek payment from the Settlement Amount, a Class Member must submit a completed Claim Form to the Administrator, in accordance with the provisions of the Plan of Allocation, on or before the Claims Bar Deadline, and any Class Member who fails to do so shall not share in any distribution made in accordance with the Plan of Allocation unless the Court orders otherwise.

(2) In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have the earlier of thirty (30) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information by the deadline shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court to the contrary, but will in all other respects be subject to, and bound by, the provisions of the Agreement and the releases contained herein.

13.5 Disputes Concerning the Decisions of the Administrator

In the event that a Class Member disputes the Administrator's decision, whether in whole or in part, the Class Member may appeal the decision to the Referee in accordance with the provisions in the Plan of Allocation. The decision of the Referee will be final with no right of appeal.

13.6 Conclusion of the Administration

- (1) Following the Claims Bar Deadline, and in accordance with the terms of the Agreement, the Plan of Allocation, and such further order of the Court as circumstances may require, the Administrator shall distribute the Escrow Settlement Amount to Authorized Claimants.
- (2) If the Escrow Account is in a positive balance (whether by reason of tax refunds, uncashed cheques or otherwise) after one hundred eighty (180) days from the date of distribution of the Escrow Settlement Amount to the Authorized Claimants, the Administrator shall, if economically feasible, allocate such balance among Authorized Claimants in an equitable fashion up to the limit of each person's actual loss. If there is a balance in the Escrow Account after each Authorized Claimant is paid up to his/her/its actual loss, the remaining funds shall be paid *cy prés* to a recipient selected by Class Counsel and approved by the Court, on notice to the Defendants.
- (3) Upon the conclusion of the administration, or at such other time(s) as the Court directs, on motion by Class Counsel, on notice to the Defendants, the Administrator shall report to the Court on the administration and shall account for all monies it has received, administered and disbursed including a full accounting of its own invoices and obtain an order from the Court discharging it as Administrator.

SECTION 14 – THE PLAN OF ALLOCATION

- (1) The Defendants shall have no obligation to consent to but shall not oppose the Court's approval of the Plan of Allocation.
- (2) Section 14(1) is not an acknowledgement by the Class or Class Counsel that the Defendants have standing to make any submissions to the Court about the Plan of Allocation.

SECTION 15 – THE FEE AGREEMENT AND CLASS COUNSEL FEES

15.1 Motion for Approval of Class Counsel Fees

- (1) At the Approval Hearing, Class Counsel shall seek the approval of their fees, disbursements, costs, HST and other applicable taxes or charges to be paid as a first charge on the Settlement Amount. Class Counsel are not precluded from making additional applications to the Court for expenses incurred thereafter as a result of implementing the terms of the Agreement. All amounts awarded on account of Class Counsel Fees shall be paid from the Settlement Amount.
- (2) The Defendants acknowledge that they will be served with the motion materials for the approval of Class Counsel Fees, but they will not make any submissions to the Court concerning Class Counsel Fees.
- (3) The procedure for and the allowance or disallowance by the Court of any requests for Class Counsel Fees to be paid out of the Settlement Amount are not part of the Settlement provided for herein and may be considered by the Court separately from its consideration of the fairness, reasonableness and adequacy of the Settlement provided for herein.
- (4) Any order or proceeding relating to Class Counsel Fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Agreement or effect or delay the finality of the Approval Order and the Settlement of the Action as provided herein.

15.2 Payment of Class Counsel Fees

Forthwith after the Effective Date, the Administrator, or McCarthy Tétrault LLP, shall pay to Sutts, Strosberg LLP, in trust, the Class Counsel Fees approved by the Court from the Escrow Account.

SECTION 16 – MISCELLANEOUS

16.1 Motions for Directions

- (1) Any one or more of the Parties, Class Counsel, the Administrator or the Referee may apply to the Court for directions in respect of any matter in relation to the Agreement and Plan of Allocation.
- (2) All motions contemplated by the Agreement shall be on notice to the Parties.

16.2 Claims Bar

- (1) Except for the obligation to pay the Settlement Amount and provide the information and assistance contemplated by sections 13.3(1) and (2), the Defendants shall have no responsibility for and no liability whatsoever with respect to the administration or implementation of the Agreement and Plan of Allocation, including, without limitation, the processing and payment of claims by the Administrator.
- (2) No claims or appeals shall lie against the Defendants, the Defendants' counsel, Class Counsel, the Administrator or the Referee, based on distributions made substantially in accordance with the Agreement and the Plan of Allocation.
- (3) No action shall lie against the Defendants, the Defendants' counsel, Class Counsel, the Administrator or the Referee for any other decision made or any action taken in the administration of the Agreement and Plan of Allocation without an order from the Court authorizing such an action.

16.3 Headings, etc.

- (1) In the Agreement:
 - (a) the division of the Agreement into sections and the insertion of section headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement;

- (b) the terms “the Agreement”, “herein”, “hereto” and similar expressions refer to the Agreement and not to any particular section or other portion of the Agreement; and
 - (c) “person” means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.
- (2) In the computation of time in the Agreement, except where a contrary intention appears:
- (a) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
 - (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

16.4 Governing Law

- (1) The Agreement shall be governed by the laws of the Province of Ontario.
- (2) The Court shall exercise jurisdiction with respect to implementation, administration, interpretation and enforcement of the terms of this Agreement.

16.5 Entire Agreement

- (1) The Agreement, including the schedules, constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of the Agreement, unless expressly incorporated herein.
- (2) The Agreement may not be modified or amended except in writing and on consent of all Parties and any such modification or amendment must be approved by the Court.
- (3) The Agreement and the underlying Settlement have been the subject of negotiations and many discussions among the Parties. Each of the undersigned has been represented and advised

by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of the Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of the Agreement.

16.6 Binding Effect

If the Settlement is approved by the Court and becomes final, the Agreement shall be binding upon, and enure to the benefit of the Plaintiffs, the Class Members, the Defendants, the Releasees, the Releasors and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiffs shall be binding upon all Releasors and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.

16.7 Survival

The representations and warranties contained in the Agreement shall survive its execution and implementation, except as provided for in section 10.1(5).

16.8 Recitals and Schedules

- (1) The recitals and schedules to the Agreement are material and integral parts hereof and are fully incorporated into, and form part of, the Agreement.
- (2) The schedules to the Agreement are:
 - (a) Schedule "A" – Approval Order
 - (b) Schedule "B" – First Order
 - (c) Schedule "C" – First Notice
 - (d) Schedule "D" – Plan of Allocation

- (e) Schedule "E" – Plan of Notice
- (f) Schedule "F" – Second Notice

16.9 Acknowledgements

Each of the Parties hereby affirms and acknowledges that:

- (a) he, she or its representative has the authority to bind the Party with respect to the matters set forth herein and has read and understood the Agreement;
- (b) the terms of the Agreement and the effects thereof have been fully explained to him, her or its representative by his, her or its counsel; and
- (c) he, she or its representative fully understands each term of the Agreement and its effect.
- (d) he, she or it agrees to use best efforts to satisfy all conditions precedent to the Effective Date.

16.10 Authorized Signatures

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, the Agreement on behalf of the Party for whom he or she is signing.

16.11 Counterparts

The Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same Agreement, and a facsimile signature, or a signature delivered by email, shall be deemed an original signature for purposes of executing the Agreement.

16.12 Translation

The Parties acknowledge that they have required and consented that this Agreement and all related documents be prepared in English. Nevertheless, a French translation of the Agreement will be prepared, the cost of which shall be paid as a Non-Refundable Expense as

provided in section 4.1(1) from the Settlement Amount. In the event of any dispute as to the interpretation or application of this Agreement, the English version shall govern.

16.13 Notice

Any notice, instruction, motion for Court approval or motion for directions or Court orders sought in connection with the Agreement, or any other report or document to be given by any of the Parties to any of the other Parties, shall be in writing and delivered personally, by facsimile or e-mail during normal business hours, or sent by registered or certified mail, or courier postage paid as follows:

For the Plaintiffs and Class Counsel to:

Jay Strosberg
Sutts, Strosberg LLP
Lawyers
600-251 Goyeau Street
Windsor, ON N9A 6V1

Telephone: 519.561.6285
Facsimile: 519.561.6203
Email: jay@strosbergco.com

Michael G. Robb
Siskinds LLP
680 Waterloo Street
London, ON N6A 3V8

Telephone: 519.660.7872
Facsimile: 519.660.7873
Email: michael.robb@siskinds.com

For Imax Corporation, Richard L. Gelfond, Bradley J. Wechsler, Francis T. Joyce, Neil S. Braun, Kenneth G. Copland, Garth M. Girvan, David W. Leebron and Kathryn A. Gamble:

R. Paul Steep/Dana Peebles
McCarthy Tétrault LLP
Box 48, Suite 5300, Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Telephone: 416.601.7839
Email: dpeebles@mccarthy.ca

The Parties have executed the Agreement as of the date on the cover page.

Marvin Neil Silver

Imax Corporation

By: McCarthy Tétrault LLP
Name: [Redacted]
Title: [Redacted]
of counsel for Imax Corporation

Cliff Cohen

[Redacted]

Bradley J. Wechsler

[Redacted]

Neil S. Brown

[Redacted]

Kenneth G. Copland

[Redacted]

David W. Leebron

[Redacted]

Richard L. Gelfond

[Redacted]

Francis T. Joyce

[Redacted]

Garth M. Girvan

[Redacted]

Kathryn A. Gamble

[Redacted]

McCarthy Tétrault LLP has executed the Agreement as of the date on the cover page to signify its consent to hold the Escrow Account on the terms provided in the Agreement and to be bound by the terms of the Agreement.

McCarthy Tétrault LLP

By:

[Redacted]

Dana Peebles
Partner

Oct. 15, 2015