

Cinemark Holdings, Inc.
Form DEF 14A
April 11, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN THE PROXY STATEMENT

SCHEDULE 14A INFORMATION

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 Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12.

Cinemark Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. 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:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF 2016 ANNUAL MEETING AND PROXY STATEMENT

Thursday, May 26, 2016 at 9:00 a.m., Central Daylight Time

Cinemark West Plano Theatre, 3800 Dallas Parkway, Plano, Texas 75093

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April 11, 2016

Dear Stockholders:

You are cordially invited to attend the 2016 annual meeting of stockholders of Cinemark Holdings, Inc. (*the Company, Cinemark, we, us or our*) on May 26, 2016 at 9:00 a.m. CDT (the *Annual Meeting*). The Annual Meeting will be held at our West Plano Theatre located at 3800 Dallas Parkway, Plano, TX 75093.

Starting this year, we have elected to deliver the proxy materials to the stockholders over the Internet. This delivery process allows us to provide stockholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On or about April 11, 2016, we mailed to our stockholders as of the close of business on April 4, 2016 (the *Record Date*), a Notice of Internet Availability of Proxy Materials (the *Notice*) containing instructions on how to:

Access our proxy statement for our Annual Meeting and our annual report on Form 10-K for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission (the *SEC*) on February 24, 2016 (*the 2015 Form 10-K*);

Vote by Internet, telephone or mail; and

Receive a paper copy of the proxy materials by mail.

The matters to be acted upon are described in the following notice of Annual Meeting and proxy statement.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to please cast your vote as soon as possible by Internet, telephone or mail. We look forward to seeing you at the Annual Meeting.

Warm regards,

Mark Zoradi

Chief Executive Officer

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CINEMARK HOLDINGS, INC.

3900 Dallas Parkway, Suite 500

Plano, Texas 75093

NOTICE OF 2016 ANNUAL MEETING AND PROXY STATEMENT

April 11, 2016

Dear Stockholders:

The Annual Meeting of the Company will be held on May 26, 2016, at 9 a.m. CDT at our West Plano Theatre located at 3800 Dallas Parkway, Plano, TX 75093, for the following purposes:

1. To elect three Class III directors to serve for three years on our Board;
2. To ratify the appointment of Deloitte as our independent registered public accounting firm for the 2016 fiscal year;
3. To hold a non-binding, annual advisory vote on executive compensation; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only stockholders of record as of the Record Date will be entitled to notice of, and to vote at, the Annual Meeting.

YOUR VOTE IS IMPORTANT TO US. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Therefore, we urge you to promptly vote and submit your proxy in advance of the Annual Meeting. You can vote your shares via the Internet, by telephone, or by signing, dating, and returning the proxy card or voting instruction form. To vote via the Internet or telephone, follow the instructions included in the proxy card or the voting instruction form. You can revoke a proxy at any time prior to its exercise at the Annual Meeting by following the instructions in the proxy statement.

BY ORDER OF THE BOARD OF
DIRECTORS,

Michael Cavalier
Executive Vice President General Counsel

and Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting.

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The proxy statement and the 2015 Form 10-K are available at www.proxydocs.com/cnk.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement and in the 2015 Form 10-K. You should carefully read the entire proxy statement and the Company's 2015 Form 10-K before voting.

ANNUAL MEETING INFORMATION

<p>Thursday, May 26, 2016</p> <p>9:00 a.m. CDT</p>	<p>Cinemark West Plano Theatre</p> <p>3800 Dallas Parkway</p> <p>Plano, Texas 75093</p>
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Voting: Only stockholders as of the Record Date are entitled to vote.

Attending the Annual Meeting in Person: If you are a registered stockholder (that is, you hold your shares in your name), you must present valid identification to vote at the Annual Meeting. If you are a beneficial stockholder (that is, your shares are held in the name of a broker or bank), you will also need to obtain a legal proxy from the registered stockholder to vote at the Annual Meeting.

Even if you plan to attend the Annual Meeting in person, please cast your vote as soon as possible by following the instructions on your proxy card or voting instruction form. You can vote by one of the following methods:

- Via the internet** **Calling toll-free from the United States, U.S. territories and Canada**
- Mailing your signed proxy card or voting instruction form**

ANNUAL MEETING AGENDA ITEMS AND VOTING RECOMMENDATIONS

Management Proposals	Board Voting Recommendations	Page Reference
Election of three Class III directors to serve for three years on our Board	FOR each nominee	17-18
Ratification of the appointment of Deloitte as our independent registered public accounting firm	FOR	32

for the 2016 fiscal year

Non-binding, annual advisory vote on executive

FOR

32-33

compensation

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The following table provides summary information about each director nominee.

Name	Age	Director Since	Occupation	Experience	Independent	Committee Memberships
Benjamin D. Chereskin	57	2004	President, Profile Management LLC	Investment Manager	Yes	Compensation; Strategic Planning
Lee Roy Mitchell	79	Founder	Executive Chairman	Entertainment Industry Executive	x	New Ventures
Raymond W. Syufy	53	2006	CEO Syufy Enterprises	Entertainment Industry Executive	x	New Ventures; Strategic Planning

CORPORATE GOVERNANCE HIGHLIGHTS

Board and Other Governance Features	2015	Page Reference
Voting for uncontested director elections	Plurality Plus	13
No director on the board of directors of more than 3 public companies	Yes	17-21
Separate Chairman and CEO	Yes	22
Majority of the Board independent	Yes	24
All members of Audit, Compensation and Governance committees are independent	Yes	24
All directors attending at least 75% of all Board and committee meetings	Yes	24
Non-management directors meet regularly in executive session, presided by the lead independent director	Yes	24
Annual equity grant to non-employee directors	Yes	30
Stockholder advisory vote on executive compensation	Annual	33
Excise tax gross-ups for change of control payments	None	38
Deferred compensation	None	38
Pension benefits	None	38
Change of control	Double trigger	38
Golden Parachute	None	38
Certain hedging transactions by directors and executive officers	Prohibited	38
Holding Company securities in a margin account	Prohibited	38
Trading in puts, calls and other derivative securities with respect to Company securities	Prohibited	38
Pledging Company securities without prior approval	Prohibited	39
Independent compensation consultant appointed by Compensation Committee	Yes	40-41

Perquisites	Limited	48
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NEW DIRECTORS AND EXECUTIVE JOINING THE COMPANY IN 2015

On June 4, 2016, the Company's Board of Directors (the *Board*), elected Mr. Mark Zoradi to the Board to fill the vacancy of Mr. Peter Ezersky who resigned effective June 4, 2015. Mr. Zoradi has served as the Chief Operating Officer of Dreamworks Animation SKG from August 2014 until January 2015. Prior

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to his post at Dreamworks, Mr. Zoradi served as the President and Chief Operating Officer of Dick Cook Studios, a new media and entertainment start-up company, from January 2011 until July 2014. During his 30-year career at Disney from May 1980 until February 2010, Mr. Zoradi served in a variety of executive positions in various divisions including Home Entertainment, Disney Channel, Television, Worldwide Theatrical Distribution/Marketing, and as the President of the Motion Picture Group.

Effective August 24, 2015, the Board appointed Mr. Zoradi as the Company's Chief Executive Officer (**CEO**) upon the retirement of Mr. Tim Warner. As the Company's CEO, Mr. Zoradi remains on the Board as a non-independent member subject to election by the stockholders at the 2018 annual meeting. Mr. Warner continued to be on the Board as a non-independent Vice Chairman. His term ended April 1, 2016.

On July 7, 2015, the Board also elected Ms. Darcy Antonellis to the Board to fill the vacancy of Mr. Vahe Dombalagian who resigned effective June 4, 2015. Since January 2014, Ms. Antonellis, 53, has been the Chief Executive Officer of Vubiquity, Inc., the largest global provider of premium content services and technical solutions serving clients in 37 countries and reaching more than 100 million households. Prior to that, from June 1998 until December 2013, Ms. Antonellis held numerous positions at Warner Bros. Entertainment Inc., (a Time Warner company) including President of Technical Operations and Chief Technology Officer. A multi-national patents recipient, Ms. Antonellis also served as CBS Inc.'s Vice President of Technical and Olympic Operations where she won Emmy awards in Technical Production for CBS's coverage of the 1994 and 1998 Winter Olympics, and in 2012 as a member of the Warner Bros. Technical Operations team which received an Engineering Emmy in the area of large scale content digital distribution technology.

2015 PERFORMANCE HIGHLIGHTS

Following are some of the Company's financial and operational highlights for the 2015 fiscal year:

record results in worldwide operations in each key performance metric, including attendance, admissions and concession revenues, average ticket price, concession per patron, Adjusted EBITDA, and net income;

seven consecutive years of over-indexing the North American industry based on full year worldwide admissions revenues on a currency adjusted basis;

domestic box office growth exceeded industry by 200 basis points;

worldwide box office growth exceeded industry by more than 600 basis points in constant dollars;

served 280 million patrons worldwide;

record international attendance with over 100 million patrons, which helped drive a 28% constant dollars increase in total international revenues;

growth in worldwide circuit of 25 theatres and 201 screens;

thirty-six consecutive quarters of year-over-year increases in domestic concession per patron;

10.3% constant dollars increase in global concession per patron;

remained industry-leader for Reported Adjusted EBITDA and Adjusted EBITDA margin, generating \$664 million in Adjusted EBITDA, yielding a 23.3% Adjusted EBITDA margin;

invested in Luxury Lounger reclining seats in 388 auditoriums;

continues to be the largest private-label premium large format footprint in the world with 210 XD screens;

continued to advance the alternative content business model; and

returned \$115.9 million to stockholders as cash dividends.

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In Millions	2011	2012	2013	2014	2015
Revenue	\$ 2,279.6	\$ 2,473.5	\$ 2,682.9	\$ 2,627.0	\$ 2,852.6
Net Income ⁽¹⁾	\$ 130.6	\$ 168.9	\$ 148.5	\$ 192.6	\$ 216.9
Cash and Cash Equivalents ⁽²⁾	\$ 521.4	\$ 742.7	\$ 599.9	\$ 638.9	\$ 588.5
Reported Adjusted EBITDA ⁽³⁾	\$ 519.5	\$ 589.2	\$ 625.3	\$ 596.5	\$ 663.8

(1) Attributable to Cinemark Holdings, Inc.

(2) At December 31.

(3) See footnote 20 on page F-39 of the 2015 Form 10-K for reconciliations of non-GAAP financial measures.

	2011	2012	2013	2014	2015
Diluted earnings per share	\$ 1.14	\$ 1.47	\$ 1.28	\$ 1.66	\$ 1.87

Table of Contents**EXECUTIVE COMPENSATION***2015 Say-on-Pay Vote:*

At the annual meeting of stockholders held on June 4, 2015 (the **2015 Annual Meeting**), our executive compensation program for the 2014 fiscal year garnered the support of approximately 95% of the votes cast by stockholders present in person or represented by proxy and were entitled to vote at the 2015 Annual Meeting. Given the high approval, the Compensation Committee did not make any change to the structure of our compensation program for the 2015 fiscal year.

2015 Executive Compensation Highlights:

Effective August 24, 2015, we entered into an employment agreement with Mark Zoradi, which was amended effective February 19, 2016 (the **Zoradi Employment Agreement**) to incorporate all terms of his employment offer. The material terms of the Zoradi Employment Agreement are as follows:

1. annual base salary subject to annual review for increase but not decrease; the annualized base salary for the 2015 fiscal year was \$800,000;
2. his target cash bonus shall not be less than 100%, and maximum target shall not be less than 150% of his annual base salary;
3. value of long-term equity incentive awards shall be at least 200% of his annual base salary; and
4. Cinemark shall reimburse certain personal expenses in the amount of \$30,000 annually.

Following is a summary of each element of compensation for the named executive officers for the 2015 fiscal year (each, a **NEO**):

Annual Base Salary: The annual base salary of each NEO was increased by 3% from 2014. The annualized base salaries were as follows:

Name	Base Salaries
Lee Roy Mitchell	\$912,474
Tim Warner	\$824,000
Mark Zoradi	\$800,000 ⁽¹⁾
Robert Copple	\$618,000
Sean Gamble	\$463,500
Valmir Fernandes	\$484,100

⁽¹⁾ See Summary Compensation Table for 2015 on page 51 for actual compensation paid to Mr. Zoradi in 2015.

Cash Bonus: For purposes of the Performance Bonus Plan (the **Bonus Plan**), the Compensation Committee set the Company's performance measure for the fiscal year in terms of Adjusted EBITDA, which is the industry standard for measuring performance. In 2015 the Compensation Committee revised the cash bonus targets to make the bonus program competitive with the bonus programs of our direct competitors and to more accurately compensate

management for overall Company and individual performance during the year. Beginning 2015, the pre-established performance metric of Adjusted EBITDA may be adjusted based on a variance, year over year, between the actual North American industry box office and the estimated industry attendance used to set the Adjusted EBITDA target at the beginning of the fiscal year. The target Adjusted EBITDA for the

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2015 fiscal year was set by the Compensation Committee, for purposes of the Bonus Plan, at \$643.6 million, which amount could be adjusted based upon the difference between the actual industry attendance and the attendance expectations used in setting the Adjusted EBITDA target for the year.

The cash bonus scale for 2015 was set as follows with each participant entitled to receive a ratable portion of the participant's target cash bonus based upon the Company's level of achievement of the performance metric within the range of threshold and maximum percentage of the target performance metric:

No adjustment (as discussed above) was made to the target Adjusted EBITDA of \$643.8 million for the purpose of determining cash bonus payouts under the Bonus Plan since the actual industry attendance figures for the 2015 fiscal year remained within the range of attendance expectations used in setting the Adjusted EBITDA target for the year.

The target Adjusted EBITDA achieved by the Company for the 2015 fiscal year, for purposes of the Bonus Plan, was certified by the Compensation Committee on February 17, 2016 at \$676.7 million, which was calculated using reported Adjusted EBITDA of \$663.8 million with adjustments for cash bonus and certain severance expenses. (See footnote 20 on page F-39 of the 2015 Form 10-K for reconciliations of non-GAAP financial measures). Therefore, cash bonus payouts were made at the maximum and all participants to the Bonus Plan, including the NEOs, received a cash bonus equal to 150% of their individual targets. The individual cash bonus targets and actual cash bonus payouts to each NEO for the 2015 fiscal year were as follows:

Name	Target (Percentage	Actual Cash Bonus
	of Base Salary)	Payout
Lee Roy Mitchell	100%	\$1,368,711
Tim Warner	100%	\$1,236,000
Mark Zoradi	100%	\$ 427,398
Robert Copple	100%	\$ 927,000
Sean Gamble	75%	\$ 521,438
Valmir Fernandes	85%	\$ 485,100 + \$132,128 ⁽¹⁾

- (1) Mr. Fernandes' target cash bonus is calculated based on the average of reported Adjusted EBITDA and international Adjusted EBITDA. Despite a record-setting performance by our international

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segment in 2015, the international Adjusted EBITDA was adversely affected by the unusual foreign exchange translation adjustments occurring due to the substantial unforeseen currency devaluations across our Latin America operations. As a result, the portion of Mr. Fernandes' cash bonus which was based upon the international Adjusted EBITDA was negatively impacted. Had the currency impact been excluded, the international Adjusted EBITDA portion of Mr. Fernandes' cash bonus would have resulted in a payout of 150% of his individual target. Since this was a condition over which Mr. Fernandes had no control, following our compensation philosophy of pay for performance, the Compensation Committee awarded Mr. Fernandes a discretionary bonus of \$132,128 to adjust his cash bonus portion that was subject to the international Adjusted EBITDA to its maximum level. His total cash bonus, including the discretionary bonus, yielded a cash bonus payment of 150% of his individual target, consistent with other NEOs. See *Grants of Plan-Based Awards in 2015* on page 54 for the maximum amount that was payable to Mr. Fernandes.

Long-term Equity Incentive Awards: The grant date fair value of the long-term equity incentive awards (at target) for each NEO was as follows:

Name	Grant Date Fair Value at Target (As Percentage of Base Salary)	Grant Date Fair Value Target
Lee Roy Mitchell ⁽¹⁾	-	-
Tim Warner	200%	\$ 1,647,929
Mark Zoradi	-	\$ 109,986 ⁽²⁾
Robert Copple	150%	\$ 926,971
Sean Gamble	100%	\$ 463,442
Valmir Fernandes	125%	\$ 605,054

(1) Similar to previous years, Mr. Mitchell was not granted any long-term equity incentive awards given his substantial ownership in the Company, at approximately 8% as of the Record Date.

(2) Awarded to Mr. Zoradi on June 15 pursuant to the annual director restricted stock grant when he was elected as a director. The reported shares of restricted stock shall vest on June 15, 2016.

The long-term equity incentive awards were granted as restricted stock and restricted stock units with the grant date fair value of the restricted stock units at the target level equal to the grant date fair value of the restricted stock.

The restricted stock granted to Messrs. Copple, Gamble and Fernandes vest 50% on each of the second and fourth anniversary of the grant date. The term of Mr. Warner's restricted stock was two years; therefore, 50% of his restricted stock vested on March 18, 2016 and the remaining 50% vested on April 1, 2016 upon the expiration of, and pursuant to the terms of, his employment agreement. The term of Mr. Copple's restricted stock was similar to Messrs. Gamble and Fernandes but the outstanding restricted stock vested pro rata, as specified in Mr. Copple's employment agreement, on March 4, 2016 when Mr. Copple resigned on grounds of Good Reason (as defined in his employment agreement).

The restricted stock units shall vest pro rata on the basis of an implied equity value concept that determines an Internal Rate of Return (*IRR*) during a performance period. The performance period for the 2015 restricted stock unit awards is two years, from January 1, 2015 until December 31, 2016. To the extent the IRR is certified for the performance

period, the Common Stock underlying the restricted stock units shall be issued upon satisfaction of an additional two-year service period until March 2019. However, per the terms of the respective employment agreements, the Common Stock underlying the

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restricted stock units granted to each of Messrs. Warner and Copple shall be issued pro rata as specified in their employment agreements to the extent they vest at the end of the performance period.

The IRR percentages for the 2015 restricted stock unit awards are as follows:

Level	IRR	Performance Shares Issuable
Threshold	IRR equal to 7.5% but less than 9.5%	33 $\frac{1}{3}$ % of the maximum performance shares issuable
Target	IRR equal to 9.5% but less than 11.5%	66 $\frac{2}{3}$ % of the maximum performance shares issuable
Maximum	IRR equal to or greater than 11.5%	100% of the maximum performance shares issuable

In 2015, the Compensation Committee revised the IRR percentages from that of prior years. This revision was warranted by a decrease in the rate of cost of capital by at least 150 basis points since 2008 when the IRR percentages were first set. Thus, for the 2015 performance awards, the Compensation Committee lowered the IRR percentages by 100 basis points to the levels described above.

2015 Compensation Mix: The mix of variable and fixed components of compensation as a percentage of total compensation at the target level for Mr. Warner individually, and our other NEOs as a group, is represented below. The data does not include Mr. Zoradi's compensation as he was the CEO for only four months and inclusion of his compensation data would produce a skewed result.

Variable compensation (cash bonus and long-term equity incentive award) as a percentage of total target compensation equals 71% for Mr. Warner and 60% for the other NEOs.

AUDITORS

The Audit Committee has appointed and the Board has ratified the appointment of Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, **Deloitte**) as the Company's independent registered public accounting firm for the 2016 fiscal year. As a matter of good corporate governance, we are seeking stockholder ratification of the appointment of Deloitte. If the stockholders do not ratify the appointment of Deloitte, the Audit Committee may review its future selection of auditors.

One or more representatives of Deloitte are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to answer appropriate questions.

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We paid the following fees to Deloitte for professional services rendered by them during the 2015 and 2014 fiscal years, respectively:

Fees	2015	2014
Audit	\$ 1,927,415	\$ 2,014,247
Audit Related	\$	