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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR. individually and derivatively on behalf of Reading International, Inc.,

Plaintiffs,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,

Defendants.

AND

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Case No.: A-15-719860-B
Dept. No.: XI

Case No.: P-14-082942-E
Dept. No.: XI

Related and Coordinated Cases

BUSINESS COURT

INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (NO. 1) RE: PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS

Judge: Hon. Elizabeth Gonzalez
Date of Hearing:
Time of Hearing:

TO ALL PARTIES, COUNSEL, AND THE COURT:

Pursuant to Nevada Rule of Civil Procedure 56, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding, and Michael Wrotniak (collectively, the "Individual Defendants"),[1] by and through their counsel of record, Cohen|Johnson|Parker|Edwards and Quinn Emanuel Urquhart & Sullivan, LLP, hereby submit this Motion for Summary Judgment (No. 1) as to the First, Second, Third, and Fourth Causes of Action in Plaintiff's Second Amended Complaint, to the extent that they assert claims based on Plaintiff's June 12, 2015 termination as CEO and President of Reading International, Inc. ("RDI" or "the Company"), and to the extent that Plaintiff seeks damages and/or an order (1) declaring that his termination was "legally ineffectual and is of no force and effect," and (2) entering an injunction that reinstates him as the Company's CEO and President.

This Motion is based upon the following Memorandum of Points and Authorities, the accompanying Declaration of Noah S. Helpern ("HD") and exhibits thereto, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

Dated: September 23, 2016

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[1] Individual Defendants Codding and Wrotniak were not members of the RDI Board at the time of Plaintiff's termination; they joined months after the fact and cannot be liable for any claims involving that decision. They join this motion out of an abundance of caution given Plaintiff's failure to accurately parse the causes of action in his Second Amended Complaint.

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Attorneys for Defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane

NOTICE OF MOTION

TO: LEWIS ROCA ROTHGERBER CHRISTIE LLP, Attorneys for Plaintiff.

PLEASE TAKE NOTICE that the above Motion will be heard the __ day of _____, 2016 at _____ _____ in Department XXVII of the above designated Court or as soon thereafter as counsel can be heard.

Dated: September 23, 2016

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

To the extent that Plaintiff asserts claims challenging his termination as CEO and President of Reading International, Inc. ("RDI" or "the Company") and seeks reinstatement in those positions, he is attempting to accomplish derivatively what he cannot individually. RDI's Bylaws provide that its officers "hold office at the pleasure of the Board of Directors," and "may be removed at any time, with or without cause" should a majority of the Board vote accordingly. Plaintiff's Employment Contract contemplates that Plaintiff could be fired with or without cause, and strictly limits his relief following a termination to monetary compensation. Unhappy with the RDI Board of Directors' ("the Board") conclusion that his brief and divisive tenure should come to an end, Plaintiff now claims that the Board's decision to remove him—after months of internal debate and numerous attempts to address and rectify his deficiencies—was somehow a violation of its fiduciary duties that injured RDI. It was not, and summary judgment is warranted because Plaintiff has not met (and cannot meet) ***any*** of the elements required to reach trial on his termination and reinstatement claims.

First, the Board's termination of Plaintiff cannot support a breach of fiduciary claim as a matter of law. Courts regularly reject attempts by former officers to utilize fiduciary duty law when challenging the propriety of their removals, especially where (as here) a bylaw authorized their firing without cause. These courts have restricted their jurisdiction for good reason; actions such as Plaintiff's threaten to transform every officer termination into a derivative attack on a board's exercise of its duties, thereby requiring Nevada courts to become arbiters months (or years) after the fact of the unique judgments a board must make regarding officer performance. Plaintiff's attempted expansion of fiduciary duty law to cover purely managerial decisions by a board is bad policy and contrary to well-reasoned precedent.

Second, even on the merits, the Board's decision to terminate Plaintiff and the process it utilized leading up to that outcome were entirely appropriate and unquestionably protected by the "business judgment" rule. As the evidence shows, the Board was faced with a young, inexperienced CEO who could not work well with certain key executives (and attempted to

undermine central figures within the Company rather than address pending issues); acted in a manner that was violent and abusive to fellow employees and Board members; and demonstrated a lack of understanding with respect to metrics of RDI's businesses. The Board's vote to terminate Plaintiff, even in the face of repeated legal threats by Plaintiff to "ruin them financially" if they were to remove him, was (applying the standard articulated by the Supreme Court of Nevada in *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 632, 639-40 (2006)) at a minimum taken for the benefit of the Company and therefore immune from Plaintiff's fiduciary challenge. Similarly, while the Board was in no way required to provide Plaintiff with notice or undertake a particular process, it repeatedly made Plaintiff aware of his deficiencies, attempted to correct them, gave him a platform to defend himself, and debated his removal informally and formally over several months. This was exactly how a board was supposed to act under both Nevada law and RDI's Bylaws. Plaintiff's fiduciary challenge fails.

Third, Plaintiff's fiduciary duty claims also fail on the merits because there is no evidence RDI suffered any injury from Plaintiff's termination, or that the purported breaches identified by Plaintiff proximately caused damages. To sustain a breach of fiduciary claim, Plaintiff must produce evidence of "economic harm suffered." He cannot. The Company's share price has traded at or above the value it held as of Plaintiff's firing for the majority of the ensuing period, and uncontroverted evidence reveals that insiders within RDI as well as its major investors, unaffiliated with the parties, are unanimous in their conclusion that Plaintiff's termination made no difference to the Company's performance or business plan. Absent any harm or causation, Plaintiff's fiduciary duty claims are unsupportable.

Fourth, now that the evidence is in, it is plain that Plaintiff, to the extent that he is complaining of his termination and seeks reinstatement, lacks standing to serve as a derivative plaintiff. Clear economic antagonisms exist between Plaintiff and other stockholders. The remedy sought by Plaintiff is also entirely personal; RDI's stockholders do not share Plaintiff's interest in regaining his positions. Other litigation is pending regarding Plaintiff's firing and ultimate control of the Company, and Plaintiff's conduct—both before and after the filing of this suit—indicates that he is simply using his purported derivative claims as leverage to obtain a

favorable global settlement. The evidence further shows that Plaintiff's action is driven by vindictiveness, both as to certain Board members and to his sisters. And outside shareholders unrelated to the Cotters have stated that they would not "reinstate" Plaintiff and that he is not "the best adequate representative." In their totality, these factors fatally undermine Plaintiff's attempted assertion of derivative claims regarding his termination and reinstatement.

Fifth, in addition to these flaws, the relief demanded by Plaintiff—reinstatement—is untenable and unsupportable. Equity jurisdiction does not lie where an officer was removable without cause (like Plaintiff). Nor is specific performance available where, as here, the contract damages provided to Plaintiff are plainly an adequate remedy. Further, there are strong policy reasons against compelling the Board to reinstate Plaintiff against its wishes, including the difficulty of supervision and the fact that Plaintiff's reinstatement would perpetuate a divided company. Plaintiff had no vested right to remain President and CEO and, even if reinstated, could simply be terminated again immediately by the Board—another factor cutting against reinstatement since equity does not require the taking of futile actions. More time has elapsed since Plaintiff's termination than he served as CEO, and the Company has moved on, which also counsels against reinstatement. Finally, in light of the "irreparable animosity" between Plaintiff and other directors, reinstatement would do nothing more than harm RDI's business.

II. FACTUAL BACKGROUND

A. Plaintiff Joins RDI at His Father's Behest

RDI is an internationally diversified company, incorporated in Nevada, principally focused on the development, ownership, and operation of cinema exhibition and real property assets in the United States, Australia, and New Zealand. (HD ¶ 22.)[2] James J. Cotter, Sr. became the CEO and Chairman of RDI's Board in December 2000. (*Id.* ¶¶ 22-23.) Plaintiff, the son of James J. Cotter, Sr., claims to be both a holder of non-voting shares of RDI stock and a co-trustee of a trust which owns a large number of the Company's voting and non-voting shares.

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[2] The documentary and testimonial evidence supporting this Motion is attached to the Declaration of Noah S. Helpern. The citations to the "HD" refer to the paragraphs of that Declaration that authenticate and correspond to the relevant supporting evidence.

(Second Am. Compl. ("SAC") ¶ 17.) Plaintiff was added to the Board in March 2002 at his father's behest, despite the fact that he had never previously served on the board of a public company. (HD ¶ 11(c).) He was appointed Vice Chairman of the Company in September 2007, and then President in June 2013. (*Id.* ¶ 11(b).) The position of President of RDI, while provided for in the Bylaws, was reactivated specifically for Plaintiff, as there had been no President for some time and he did not succeed anyone in that position. (*Id.* ¶ 11(e).)

Following his appointment as President, Plaintiff and RDI executed an agreement dated June 3, 2013 (the "Employment Agreement"), which governed Plaintiff's service "in the capacity of President." (*Id.* ¶¶ 21(a)-(b).) The Employment Agreement provided that Plaintiff would not receive any damages in the event of a "for cause" termination. (*Id.* ¶ 21(c).) In the event that Plaintiff was terminated without cause, he was entitled to receive 12 months of compensation and benefits following notice of his termination; however, the Employment Agreement provided no relief other than monetary damages, and contained no provision allowing for Plaintiff's reinstatement or any other form of specific performance by RDI. (*Id.*)

B. Plaintiff Becomes CEO of RDI Following His Father's Death

James J. Cotter, Sr. was compelled to resign from his positions with RDI on August 7, 2014 for health-related reasons, and subsequently passed away on September 13, 2014. (*Id.* ¶¶ 24, 28.) Faced with an emergency vacancy on no notice, the Board unanimously appointed Plaintiff as CEO at a meeting held on August 7, 2014. (*Id.* ¶ 28.) Plaintiff was elected as CEO pursuant to the Company's Amended and Restated Bylaws, which provide: "Any person may hold one or more offices and each officer shall hold office until his successor has been duly elected and qualified or until his death or until he shall resign or is removed in the manner as hereinafter provided for such term as may be prescribed by the Board of Directors from time to time." (*Id.* ¶ 20(a).) The Amended and Restated Bylaws of RDI further provide: "The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors . . . may be removed at any time, with or without cause, by the Board of Directors by a vote of not less than a majority of the entire Board at any meeting

thereof . . . ." (*Id.* ¶ 20(b).) As Plaintiff has agreed, RDI's Board always had the prerogative to hire and fire the Company's officers, subject to whatever contracts might exist. (*Id.* ¶ 13(c).)

Besides Plaintiff, the seven remaining members of the Board at the time of Plaintiff's appointment as CEO were: (1) Margaret Cotter, Plaintiff's sister, who had served as a director since 2002 and Vice-Chairman of the Board since 2014, runs RDI's live theater division, manages certain live theater real estate, and has been responsible for re-development work on RDI's Manhattan theater properties; (2) Ellen Cotter, Plaintiff's sister, who had served as a director since March 2013 and Chairman of the Board since 2014, been an RDI employee since 1998, and ran the day-to-day operations of the Company's domestic cinema operations; (3) Edward Kane, who had served as a director since October 2004 (and before that from 1985-1998) and served as Chair of the Tax Oversight and the Compensation and Stock Option Committees; (4) Guy Adams, who had served as a director since January 2014 and is a registered investment advisor and experienced independent director on public company boards; (5) Douglas McEachern, who had served as a director since May 2012 and was an audit partner at Deloitte & Touche from 1985-2009; (6) Timothy Storey, who had served as a director since December 2011; and (7) William Gould, who had served as a director since October 2004. (*Id.* ¶¶ 22, 28.)

C. Significant Problems With Plaintiff's Managerial Skills Become Obvious

While it was hoped that he would develop on the job, Plaintiff—at the time of his election as CEO—lacked experience in virtually all of the business areas relevant to RDI's operations, including, but not limited to, non-agricultural commercial real estate operation and development, live theater, cinema, international business, and management. (*Id.* ¶¶ 8(a), (k), (p), (v); 3(b); 4(h)-(i); 11(d).) The non-Cotter members of the Board soon grew concerned that Plaintiff needed help both in running the company and building bridges with Ellen and Margaret Cotter; accordingly, the Board began discussing getting Plaintiff a management coach. (*Id.* ¶¶ 4(j); 33(a).) Plaintiff's management style was perceived by the Board as "closed door" and unengaged with RDI's employees, and some Board members saw Plaintiff as "very reluctant and very slow to make decisions," and understood that his "office is a place where documents go to get lost." (*Id.* ¶¶ 4(f)-(g); 8(d), (o); 12(f).) Members of the RDI Board soon questioned the

value that Plaintiff added as the Company's CEO based on obvious defects. (*Id.* ¶¶ 3(d), (f)-(g); 8(r), (u).)

1. Plaintiff Could Not Work With, and Instead Undermined, Key Executives

Members of the Board were concerned with Plaintiff's inability to communicate, create trust, and work cooperatively with fellow executives of the Company. (*Id.* ¶¶ 8(t), (w); 33(b).) For instance, Plaintiff decided to conduct an examination of RDI's cinema operations in the fall of 2014, but went around Ellen Cotter to do so—which engendered criticism from the Board both for Plaintiff's duplicity and for spending his time on a pursuit better left to an independent consultant. (*Id.* ¶ 8(b).) Contrary to the advice of various Board members, Plaintiff continued his review of RDI's individual cinemas, and even traveled to various cinemas in Hawaii without identifying himself or visiting management in a surreptitious effort to take pictures of the theaters there and ultimately embarrass Ellen Cotter over the perceived need for renovations. (*Id.* ¶¶ 5(c); 8(c), (n); 12(d).) Similarly, several members of the Board were alarmed by Plaintiff's unilateral effort to hire a food and beverage manager without involving Ellen Cotter, despite the fact that such operations fell within her purview. (*Id.* ¶¶ 8(y); 36(c).)

As with Ellen Cotter, members of the Board believed that Plaintiff needlessly exacerbated discord with Margaret Cotter when, after months of failing to resolve her employment status with the Company, he circulated a short employment contract for her with a cover email outlining approximately 20 reasons why she should not be given an employment contract with RDI. (*Id.* ¶¶ 8(q); 10(a).) In addition, following threats by the producers of STOMP to vacate RDI's Orpheum Theater, various directors became alarmed when Plaintiff, rather than working productively with Margaret Cotter to address the issue, attempted to use the ensuing dispute to embarrass her before the Board. (*Id.* ¶¶ 5(d); 10(b).) Ultimately, the STOMP dispute resulted in an arbitration in which it was determined that Margaret Cotter had done everything required, the STOMP producers had an agenda to leave because they thought the show could make more money elsewhere, and RDI was awarded more than $2.2 million in attorney's fees. (*Id.* ¶¶ 5(d); 15(g).)

Tensions between Plaintiff and Ellen and Margaret Cotter were further aggravated by trust and estate litigation initiated in February 2015, after the death of Jim J. Cotter, Sr., which involved the issue of whether Margaret Cotter, separately or together with Plaintiff, controlled the RDI stock previously held by their father. (*Id.* ¶¶ 6(a); 12(b); 25; 27; 34.) As a result, the non-Cotter directors were forced to spend "an inordinate amount of time" trying to ameliorate the interactions between Plaintiff and his sisters. (*Id.* ¶ 6(a).)

2. Plaintiff Acted in a Violent, Abusive Manner to Both Employees and Fellow Board Members

In addition to his problems with certain key executives, the RDI Board of Directors was made aware of allegations that Plaintiff, as CEO, had acted in an abusive, physically threatening manner toward several employees and/or outside workers, including Linda Pham, Debbie Watson, and Ellen Cotter, by yelling, behaving very critically, and going through their files behind closed doors. (*Id.* ¶¶ 4(a); 5(a)-(b); 8(g); 12(e); 16.) Certain female employees stated that they were "physically afraid" of Plaintiff and concerned for their "actual physical safety" around him; one resorted to "carrying mace to the office" due to Plaintiff's perceived "violent temper" and "anger management problem[s]." (*Id.*) Plaintiff's violent outbursts even extended to his relations with fellow members of the Board, such as Guy Adams. (*Id.* ¶¶ 4(e); 12(g).) As a result of these incidents, the non-Cotter Board members had multiple conversations regarding Plaintiff's weak interpersonal skills in which they contemplated sending Plaintiff to anger management classes in early 2015. (*Id.* ¶¶ 4(b)-(c); 7(a); 36(c).)

3. Plaintiff Lacked an Understanding of Key Components of RDI's Business

During Plaintiff's tenure as CEO, the Board also identified significant problems with his understanding of costs and margins pertinent to RDI's cinema business, including his failure to adjust his analysis to account for lower film rentals in Australia/New Zealand when comparing margins there with U.S. theatres, and his lack of comprehension with respect to the different labor cost allocations utilized by the Company in each region. (*Id.* ¶ 3(e).) Moreover, during the 11 months that he served as CEO, Plaintiff never presented—or even drafted—a business plan. (*Id.* ¶¶ 11(f)-(h).) And various directors were troubled by the fact that Plaintiff, upon becoming

CEO, failed to visit RDI's operations in Australia and New Zealand for the first six months of his tenure, despite their outsized importance to the company's financial health. (*Id.* ¶ 8(s).)

D. <u>The RDI Board Attempts to Address Plaintiff's Deficiencies</u>

Due to the need to help Plaintiff develop in the role as CEO and to lessen intra-family tensions, the non-Cotter directors appointed director Storey as an "ombudsman" in March 2015 to work with and coach Plaintiff, and mediate any disputes between him and other executives. (*Id.* ¶¶ 3(a); 5(e); 15(c); 29; 33(b) 35; 36(a).) Around this time, several non-Cotter directors also considered engaging an outside consultant to perform an assessment of RDI and provide recommendations regarding improvements in the Company's management. (*Id.* ¶ 12(c).) The non-Cotter directors, concerned with their duty "to all the shareholders and not just to the Cotter family," were attempting to address what they perceived to be "a dysfunctional management team," with "'thermonuclear' hostility currently existing" between Plaintiff and his sisters. (*Id.* ¶ 36(b).) Plaintiff did not disagree; as he testified, the tensions between Plaintiff and his sisters had become so intense that RDI was unable to function, such that drastic reform in behavior or potential termination(s) were required to get beyond the current paralysis. (*Id.* ¶¶ 13(a)-(b).)

In taking these steps in March 2015, the Board was specifically focused on "getting to a position where the company is operating more harmoniously and with a clear direction," with the idea that "if certain people were chronic offenders," the Board would "have to consider terminating them" in the event that "the situation did not correct itself within a reasonable period of time." (*Id.* ¶¶ 15(f); 38(a).) Some non-Cotter directors anticipated that an assessment would be made at the June 2015 Board meeting regarding the progress of the Company and management situation under Plaintiff; absent sufficient improvement, the non-Cotter directors expected to take whatever actions they deemed appropriate. (*Id.* ¶¶ 15(e); 36(c); 37.)

Initially, Plaintiff was not supportive of the idea of utilizing an ombudsman, but ultimately came to believe that it would be efficacious to have "an adult in the room" to assist him as CEO and "let[] this play out until the end of June or whatever date agreed to and revisit." (*Id.* ¶¶ 12(a); 39.) By mid-April 2015, however, director Storey concluded that Plaintiff "needs to make progress in the business and with Ellen and Margaret [Cotter] quickly, or the board will

need to look to alternatives to protect the interests of the company." (*Id.* ¶ 38(a)-(b).) The hoped-for progress did not occur. By May 2015, multiple members of RDI's Board had concluded that Plaintiff was not correcting his deficiencies or ameliorating his inexperience, and that his behavior as CEO was hindering the company. (*Id.* ¶¶ 3(c); 8(e), (h), (x).)

1. The Reasoned Review Process Begins at the May 21, 2015 Board Meeting, as Plaintiff Threatens Each Director With a Lawsuit

Despite months-long efforts to address and alleviate ongoing conflicts and concerns regarding Plaintiff's performance, no resolution was in sight; as such, Plaintiff's continuing role as President and CEO was put on the agenda for the Board's May 21, 2015 meeting as an item for discussion. (*Id.* ¶ 40.) At the outset of the May 21, 2015 meeting, Plaintiff—through his personal attorney—threatened to file a lawsuit based on purported breaches of the fiduciary duties of care and loyalty against each Board member in the event that they decided to terminate his employment. (*Id.* ¶ 30(b).) In addition to this threat of litigation made during the May 21, 2015 board meeting itself, Plaintiff separately threatened various Board members personally, stating that they could "not fire him as C.E.O." and intimidating them by claiming that if they were "to vote to fire him, he would sue [them] and ruin them financially." (*Id.* ¶¶ 4(d); 8(f).)

Once the May 21, 2015 meeting began, both RDI's full Board as well as a session of the non-Cotter directors discussed Plaintiff's performance as CEO and the possibility of his termination for nearly five hours, during which Plaintiff was permitted to speak at length regarding his tenure. (*Id.* ¶¶ 30(a); 43(a).) Plaintiff was specifically asked to present his Business Plan (the presentation of which had been added to the agenda for the meeting at Plaintiff's request), but declined. (*Id.* ¶ 30(a).) Outside counsel retained by the Company also attended the May 21, 2015 Board meeting to provide corporate law advice, where appropriate. (*Id.* ¶¶ 14; 30(a).) While various directors, including Adams, Kane, Margaret Cotter, and Ellen Cotter, reviewed their assessment of observed "deficiencies" in Plaintiff's "leadership, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer," ultimately the Board chose to take no action with respect to Plaintiff's position at the May 21, 2015 meeting, determining instead to

take additional time to consider what had been said and "reconvene the meeting on May 29, 2015 to continue its deliberations." (*Id.* ¶ 30(c).)

2. Continued Discussion at the May 29, 2015 Board Meeting

As anticipated, the Board again discussed the possibility of Plaintiff's termination at a Board meeting held on May 29, 2015. (*Id.* ¶¶ 31(a); 43(b).) Once again, the Board was informed at the outset of its meeting by outside counsel, separately retained by the non-Cotter directors, that Plaintiff planned to serve them with a lawsuit in the event that they voted to terminate his positions as President and CEO of RDI. (*Id.* ¶ 31(a).) Once the May 29, 2015 meeting began, Plaintiff explicitly rejected a suggestion, made at the previous meeting, that, in order for him to have more time to develop, he continue as President of RDI under a new CEO, for whom a search would commence. (*Id.* ¶¶ 10(c); 30(d); 31(b).) Director Adams made a formal motion, seconded by director McEachern, to remove Plaintiff from his position as President and CEO, "principally based on Plaintiff's lack of leadership skills, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes"; although Adams "believe[d] we may have cause in this situation" to terminate for cause, his motion sought termination "'without cause' under the terms" of Plaintiff's Employment Contract in order to "provide him with the benefit of the contractual severance pay." (*Id.* ¶ 31(c).)

After the interested positions of Plaintiff and Ellen and Margaret Cotter were noted for the record, the Board engaged in extensive discussions about Plaintiff's performance as CEO and President of RDI, both in and outside of the presence of Plaintiff and the Cotter sisters. (*Id.* ¶ 31(d).) During a break at the May 29, 2015 meeting, Ellen and Margaret Cotter reached a tentative "agreement-in-principle" with Plaintiff regarding various litigation matters existing between the three Cotters individually and related trusts and estates. (*Id.* ¶ 31(e).) This "agreement-in-principle," which was subject to review by counsel, documentation to the Cotters' mutual satisfaction, and approval by the Board as to certain issues, had the potential to resolve some of the underlying issues affecting the Company and Plaintiff's performance as CEO. (*Id.* ¶¶ 31(e); 41.) In particular, the "agreement-in-principle" provided for a new executive structure at RDI—Plaintiff would remain as CEO, but his decisions would be subject to oversight by an

Executive Committee composed of Ellen Cotter, Margaret Cotter, and Guy Adams. (*Id.* ¶ 41.) Encouraged by the prospect of the Cotter siblings coming to a cooperative resolution, the Board agreed to adjourn the May 29, 2015 meeting without resolving the pending motion to terminate Plaintiff in order to see if the issues could be finally resolved in a manner acceptable to the non-Cotter directors and to have additional data from which the Board could evaluate the continuation of Plaintiff as CEO and President of RDI. (*Id.* ¶ 31(f).)

3. Plaintiff Is Terminated at the June 12, 2015 Board Meeting

The "agreement-in-principle," struck between the three Cotters on May 29, 2015, ultimately broke down by early June 2015 when the sides attempted to paper the final form of the agreement. (*Id.* ¶¶ 9; 10(d).) In view of the failed break-through, Plaintiff's continuing role as President and CEO of RDI was placed back on the agenda as an item for discussion at the Board of Directors' June 12, 2015 meeting. (*Id.* ¶ 42.)

RDI's Board discussed the possibility of Plaintiff's termination for the final time on June 12, 2015. (*Id.* ¶¶ 32(a); 43(c).) As the meeting began, Plaintiff asked to defer a vote on his status until the next scheduled Board meeting (to be held on June 15, 2015), but there was little support for his proposal, and no motion with respect to such a continuance was made. (*Id.* ¶ 32(b).) The Company's directors proceeded to discuss Plaintiff's management skills and experience, following which directors Adams, Kane, and McEachern, as well as Ellen and Margaret Cotter, voted in favor of the pending motion to remove Plaintiff as the Company's CEO and President; directors Gould and Storey voted against the removal motion, while Plaintiff abstained. (*Id.* ¶ 32(a).) Director Storey voted against Plaintiff's termination on June 12, 2015 because he wanted to wait until the latter part of June to make a final assessment, while director Gould thought that the Board should delay until all of the pending litigation between the Cotters was resolved. (*Id.* ¶¶ 2(a); 6(b); 8(i), (m).) The majority of the non-Cotter directors, however, concluded that further delay was not "in the best interests of the shareholders" because, due to Plaintiff, "the company was not moving forward," "[t]here was polarization in the office," and the issue "had to be resolved one way or another." (*Id.*) None of the directors—including Storey and Gould—believed that Plaintiff's failure to settle the trust and estate litigation between him

and Ellen and Margaret Cotter caused his termination as CEO and President of the Company. (*Id.* ¶¶ 2(b)-(c); 15(b), (d).)

Plaintiff was therefore terminated as CEO and President of the Company based on a majority vote of the full Board and by a majority vote of the non-Cotter directors. (*Id.* ¶¶ 15(a); 32(a).) After Plaintiff's termination, Ellen Cotter was appointed interim CEO and President of RDI. (*Id.* ¶ 26(a).) Plaintiff subsequently filed the above-captioned derivative action against the other members of the Company's Board of Directors on June 12, 2015. (*Id.* ¶ 26(b).)

E. No Shareholder Support Exists for Plaintiff's Reinstatement

As part of Plaintiff's attempted derivative action, he seeks "a determination that the purported termination of Plaintiff as President and CEO of RDI was legally ineffectual and is of no force and effect," and—despite the passage of over fifteen months since his termination—demands reinstatement in his former positions with the Company. (SAC at 53 ("Relief").) But support for Plaintiff's requested relief is nonexistent among his fellow shareholders.

Jonathan Glaser, the managing member of both JMG Capital Management, LLC and Pacific Capital Management, LLC (owners of approximately 526,000 shares of Class A RDI stock and approximately 1,000 Class B shares), has testified that he would not seek the reinstatement of Plaintiff, that "it's just not a high priority to put [Plaintiff] back," that he is "personally comfortable with Ellen Cotter as CEO," and he did not "think it would make much difference" to the "shareholders of Reading" if Plaintiff was CEO. (*Id.* ¶¶ 18(a)-(b), (e); 44(b).) Glaser also has emphasized his view that a CEO could properly be terminated for not getting along with the employees and other executives within a company. (*Id.* ¶ 18(d).) Whitney Tilson, hedge fund manager of T2 Partners Management, L.P., which controls various funds owning approximately 519,242 shares of Class A RDI stock and 901 Class B shares, has similarly confirmed that he would not reinstate Plaintiff if he had the opportunity because "the well has been poisoned" following Plaintiff's conflicts with Ellen and Margaret Cotter, his reinstatement would merely perpetuate a "divided company," there is a "reasonable likelihood" that Plaintiff is not "the single best qualified person to run" RDI, and Tilson's general concern that Plaintiff's advancement within RDI was purely the product of "nepotism." (*Id.* ¶¶ 17(a)-(c); 44(b).) And

Andrew Shapiro, the president of Lawndale Capital Management, which owns approximately $13 million in RDI's Class A stock and $30,000 in Class B stock, likewise has testified that he "was not necessarily in pursuit of, of any and all of those remedies" sought by Plaintiff, he "wasn't committed one way or the other than [Plaintiff] should be reinstated," and he did not "think necessarily [Plaintiff] is the best adequate representative of mine or other shareholder interests." (*Id.* ¶¶ 19(d), (f)-(g).)

Moreover, when questioned, these key investors in RDI could not predict whether reinstating Plaintiff would affect the Company's share price, as many believed that the overall performance of the Company, along with its business plan, have remained entirely consistent and appropriate since Plaintiff's termination. (*Id.* ¶¶ 17(a), (d); 18(c), (f)-(g); 19(a)-(c), (e).)

III. LEGAL STANDARD

Summary judgment is warranted under Nevada Rule of Civil Procedure 56 whenever the "pleadings, depositions, answers to interrogatories, admissions, and affidavits, if any, that are properly before the court demonstrate that no genuine issue of material fact exists, and the moving party is entitled to judgment as a matter of law." *Wood v. Safeway, Inc.*, 121 Nev. 724, 731 (2005). "The substantive law controls which factual disputes are material and will preclude summary judgment; other factual disputes are irrelevant." *Id.*; *see also Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) ("Factual disputes that are irrelevant or unnecessary will not be counted."). A factual dispute is "genuine" only "when the evidence is such that a rational trier of fact could return a verdict for the nonmoving party." *Holcomb v. Ga. Pac., LLC*, 289 P.3d 188, 192 (Nev. 2012) (citation omitted).

While the pleadings and other proof are "construed in the light most favorable to the nonmoving party," *LaMantia v. Redisi*, 118 Nev. 27, 29 (2002), that party "bears the burden to more than simply show that there is some metaphysical doubt as to the operative facts in order to avoid summary judgment." *Wood*, 121 Nev. at 732 (citation and internal quotation marks omitted) (rejecting the "slightest doubt" standard). The nonmoving party "is not entitled to build a case on the gossamer threads of whimsy, speculation, and conjecture," *id.* (citation omitted), but instead must identify "admissible evidence" showing "a genuine issue for trial." *Posadas v.*

City of Reno, 109 Nev. 448, 452 (1993); *Shuck v. Signature Flight Support of Nev., Inc.*, 126 Nev. 434, 436 (2010) ("bald allegations without supporting facts" are insufficient); *LaMantia*, 118 Nev. at 29 (nonmovant must "show specific facts, rather than general allegations and conclusions"). A nonmoving party that fails to make this showing will "have summary judgment entered against him." *Wood*, 121 Nev. at 732 (citation omitted).

IV. ARGUMENT

A. Plaintiff's Termination Cannot Support a Breach of Fiduciary Duty Claim

It is well-settled that the only fiduciary duties owed by directors are "to the corporation itself," not to its employees. *Byington v. Vega Biotech., Inc.*, 869 F. Supp. 338, 345 (D. Md. 1994). Traditionally, courts have been wary of plaintiffs' attempts to use "an appeal to general fiduciary law" to transform cases involving the dismissal of an employee or officer into claims that a company's directors "breached a fiduciary duty as corporate officers" when effecting a termination. *Ingle v. Glamore Motor Sales, Inc.*, 73 N.Y.2d 183, 190 (1989) (rejecting effort by operating manager and minority shareholder, upon his firing, to assert fiduciary duty violations); *Hackett v. Marquardt & Roche/Meditz & Hackett, Inc.*, Civ. No. 02-990166881S, 2002 WL 31304216, at *2 (Conn. Sup. Ct. Sept. 17, 2002) (rejecting breach of fiduciary duty claim, and holding that "the law of employment relations seems to provide sufficient protection for any civil wrongs" in the event of a purportedly unlawful termination). To thread the narrow needle necessary to avoid summary judgment on his termination and reinstatement claims, Plaintiff must produce cognizable evidence showing (1) "the existence of a fiduciary duty"; (2) the decision by the RDI Board of Directors to terminate him as CEO and President of the Company represented a "breach of that duty" to RDI itself as a matter of law; and (3) "that the breach proximately caused the damages" to the Company alleged. *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). Under NRS 78.138(7), in order for the Individual Defendants to be liable, Plaintiff must prove that the fiduciary breach "involved intentional misconduct, fraud or a knowing violation of the law." Plaintiff cannot meet ***any***—let alone all—of these requirements.

1. RDI's Board Had the Undisputed Right to Remove Plaintiff at Any Time, With or Without Cause

"Ordinarily, under Nevada's corporations laws, a corporation's board of directors has full control over the affairs of the corporation." *Shoen*, 122 Nev. at 632 (citation and internal quotation marks omitted); NRS 78.120(1) ("Subject only to such limitations as may be provided by this chapter, or the articles of the corporation, the board of directors has full control over the affairs of the corporation."). All officers "hold their offices for such terms and have such powers and duties as may be prescribed by the bylaws or determined by the board of directors," and may remain in office until the "expiration of his or her term" or "until the officer's resignation or removal before the expiration of his or her term." NRS 78.130(3)-(4). "[T]here is no vested right to retain one's office in the face of a properly executed removal." *Cooper v. Anderson-Stokes, Inc.*, 571 A.2d 786, 1990 WL 17756, at *2 (Del. 1989) (table); *see also Roven v. Cotter*, 547 A.2d 603, 609 (Del. Ch. 1988) (director had "no vested vest right to hold office in defiance of a properly expressed will of the majority").

RDI's Amended and Restated Bylaws mirror NRS 78.130, and provide that Plaintiff, upon his election as CEO on August 7, 2014, could hold office only until the appointment of his successor, his death, or "until he shall resign or is removed in the manner as hereinafter provided for such term as may be prescribed by the Board of Directors." (HD ¶ 20(a).) The Company's Bylaws further emphasize that Plaintiff served solely "at the pleasure of the Board of Directors," and that he could "be removed at any time, with or without cause, by the Board of Directors by a vote of not less than a majority of the entire Board at any meeting thereof." (*Id.* ¶ 20(b).)

In light of Board's unrestricted right to terminate Plaintiff at any time, for any reason, Plaintiff's attempt to utilize fiduciary duty law—via this derivative action—to challenge the propriety of his termination is untenable. Courts have rejected similar attempts by other terminated officers to assert fiduciary duty claims as a "novel argument," finding that there was "no case in support." *Carlson v. Hallinan*, 925 A.2d 506, 540 (Del. Ch. 2006) (plaintiff could not "articulate a theory as to how Carlson's removal as President . . . could be a breach of fiduciary duty"); *see also Datto Inc. v. Braband*, 856 F. Supp. 2d 354, 384 (D. Conn. 2012)

(plaintiff's allegations of "breach of fiduciary duty" based "on her allegedly wrongful termination . . . fail to state a claim"). Instead, it typically has been the case that "[q]uestions of policy or management . . . are left solely to the honest decision of the directors, if their powers are without limitation and free from restraint." *Treadway Cos., Inc. v. Care Corp.*, 638 F.2d 357, 381 (2d Cir. 1980) (citation omitted); 2 Fletcher Cyc. Corp. § 363 (2015) ("Thus, where a bylaw provided that any officer might be removed by a majority vote of the entire board whenever the best interests of the company require it, it was for the directors to determine what was in the best interests of the company; the courts will not interfere unless for fraud or illegality.").

The leading treatise on the subject emphasizes that "a court has no right or jurisdiction to review the discretionary action of the board in removing an officer, unless the contract rights of the person removed are involved," 2 Fletcher Cyc. Corp. § 360 (2015),[3] and numerous other decisions have stressed that, if the removal power within a corporation's bylaws allowed the termination, "[t]he motives for the acts of a board of directors, when lawful, are not properly the subject of judicial inquiry." *Zannis v. Lake Shore Radiologists, Ltd.*, 432 N.E.2d 1108, 1110 (Ill. Ct. App. 1982); *see also Mannix v. Butte Water Co.*, 854 P.2d 834, 842 (Mont. 1993) ("the determination to terminate an officer is a *subjective* one for the *board of directors* to make," not the court) (emphasis in original); *New Founded Indus. Missionary Baptist Ass'n v. Anderson*, 49 So.2d 342, 344 (La. Ct. App. 1950) (holding, where plaintiff sought a review of the merits of his removal as president, "a court has no right or jurisdiction to review the discretionary action of the board in removing an officer, unless the contract rights of the person removed are involved").

The reason for this deferential approach to boards in the context of their decision to terminate an officer is clear: "Often it is said that a board's most important task is to hire, monitor, and fire the CEO." *Klaassen v. Allegro Dev. Corp.*, C.A. Case No. 8262-VCL, 2013 WL 5967028, at *15 (Del. Ch. Nov. 7, 2013). It is the board, rather than a court, that is "optimally suited . . . to selecting, monitoring, and removing members of the chief executive's

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[3] The contract rights of Plaintiff under the Employment Contract are, of course, being adjudicated in an arbitration concurrent with this action.

office" so that it may "replace an underperformer in a timely fashion." *Id.* at *15 n.8 (citations omitted). The kind of action attempted by Plaintiff threatens to transform ***every*** termination of an executive from a personal dispute into a derivative attack on a board's exercise of its fiduciary duties, and would force Nevada courts to become frequent arbiters months (or, in this case, years) after the fact of the unique judgments a board must make regarding the effectiveness of its officers. Given that Plaintiff could be fired "at any time, with or without cause," under RDI's Bylaws, and both a majority of the entire Board ***and*** a majority of the non-Cotter directors voted to remove Plaintiff, the Court need not even engage in the business judgment analysis: Plaintiff's fiduciary duty claim arising from his termination is unsupportable.

2. <u>The RDI Board's Termination of Plaintiff Fell Well Within the Protection of the Business Judgment Rule</u>

Even reviewed on the merits, the RDI Board's decision to terminate Plaintiff as CEO and President of the Company was entirely appropriate. Under Nevada law, "[w]here a director is charged with breach of his fiduciary obligation, the 'business judgment rule' applies." *Horwitz v. SW. Forest Indus., Inc.*, 604 F. Supp. 1130, 1134 (D. Nev. 1985). The business judgment rule is a "presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." *Shoen*, 122 Nev. at 632 (citation omitted); *see also* NRS 78.138(3) (codifying the rule under Nevada law). "The business judgment rule postulates that if directors' actions can arguably be taken to have been done for the benefit of the corporation, then the directors are presumed to have been exercising their sound business judgment rather than to have been responding to self-interest motivation." *Horwitz*, 604 F. Supp. at 1135.

"[T]he business judgment rule applies" to the "decision to remove an officer" absent "gross negligence" or "proof that the action was not taken in an honest attempt to foster the corporation's welfare," *In re Dwight's Piano Co.*, 424 B.R. 260, 284 (S.D. Ohio 2009), and "[c]ourts are reluctant to second-guess such business judgments absent demonstrable bad faith on the part of the Board." *Franklin v. Tex. Int'l Petroleum Corp.*, 324 F. Supp. 808, 813 (W.D. La. 1971). "[E]ven a bad decision is generally protected by the business judgment rule," *Shoen*, 122

Nev. at 636, and the "burden of showing bad faith or abuse of discretion rests upon the plaintiff." *Horwitz*, 604 F. Supp. at 1135. Nevada is particularly strict with respect to plaintiffs who attempt to circumvent the business judgment rule: in the event that a director's action (or failure to act) is ultimately held to "constitute[] a breach of his or her fiduciary duties," the director faces individual liability only if "[t]he breach of those duties involved intentional misconduct, fraud or a knowing violation of the law." NRS 78.138(7)(a)-(b).

In light of the broad protections afforded under Nevada law to RDI's directors, Plaintiff cannot meet the showing required to avoid summary judgment for two reasons.

(a) <u>Plaintiffs' Termination Was Justified on the Merits and a Proper Exercise of Business Judgment</u>

<u>First</u>, the RDI Board's decision to terminate Plaintiff was justified on the merits and was an appropriate exercise of their business judgment—there was a "legitimate business reason" for Plaintiff's firing, the decision was "neither false, whimsical, arbitrary or capricious," and it had "some logical connection to the needs of the business." *Mannix*, 854 P.2d at 846; NRS 78.138(1) (directors are to "exercise their powers in good faith and with a view to the interests of the corporation"). Plaintiff's bald allegation that personal motivations may have influenced some directors is not sufficient to justify a trial on the merits of the Board's final decision. Nevada requires "intentional misconduct, fraud or a knowing violation of the law" to maintain an actionable fiduciary duty claim—not just the potential that personal animus or self-interested considerations played a role in a board's decision. NRS 78.138(7); *see also Franklin*, 324 F. Supp. at 813 ("intra- and intercorporate maneuvering" affecting termination decision did not disturb board's business judgment where other legitimate reasons justified firing). Purported "self-interest" will not forestall application of the business judgment rule unless "that motive is the sole or predominant reason" for a decision. *Horwitz*, 604 F. Supp. at 1135. It was not here.

With respect to Plaintiff, the RDI Board faced a CEO that was "young," chosen on "short notice," and lacked significant hands-on experience in numerous, highly relevant business areas. RDI's Board and shareholders recognized that "nepotism" may have benefitted Plaintiff in his selection as CEO, but all hoped that he could grow into the role and develop on the job. Within

two to three months of his election, the Board saw that Plaintiff needed help, which it attempted to provide—including via director Storey's formal participation as an "ombudsman." But Plaintiff had significant weaknesses: he could not work well with certain key executives, and some Board members came to believe that he was more interested in undermining central figures within the Company rather than in addressing pending issues; he acted—or was perceived to act—in a manner that was violent and abusive to employees and fellow Board members; and he demonstrated a lack of understanding with respect to metrics critical to evaluating RDI's businesses. Moreover, outside litigation involving Plaintiff and his sisters, who were key executives in the Company and also sat on the Board, had led to a "dysfunctional management team" torn apart by "'thermonuclear' hostility" that was clearly affecting the Company and stockholder value. (*See* Factual Background, *supra* at 5-9.)

After months of contemplating anger management courses, hiring outside consultants, or other changes to ameliorate Plaintiff's deficiencies, a majority of RDI's Board saw a lack of progress. Absent evidence that Plaintiff's tenure as CEO was creating any value or "leading us forward," the Board chose to terminate his divisive reign after several weeks of open contemplation in which it debated Plaintiff's performance "at length," gave Plaintiff multiple opportunities to make presentations defending himself, utilized the services of outside counsel, attempted to find negotiated alternatives to Plaintiff's termination, and took its role seriously in the face of Plaintiff's repeated threats to sue each of them and "ruin them financially" if the Board dared to remove him. Even the directors that voted not to terminate Plaintiff on June 12, 2015 recognized significant problems with his performance, and objected more to the timing of his removal than to the underlying basis. (*See* Factual Background, *supra* at 8-12.) This was exactly how a board was supposed to act under both Nevada law and RDI's Bylaws.

As with Plaintiff, an officer's "inability to perform adequately" and lack of "experience, expertise, and proper degree of affability" are protected reasons under the business judgment rule for his or her termination. *Franklin*, 324 F. Supp. at 813; *see also Carlson*, 925 A.2d at 540 n.232 (where "the evidence indicated that Carlson was not effective in the role of President of CR and that he had important managerial shortcomings," "firing him could have fostered CR's

welfare" and was thus protected by the business judgment rule). Plaintiff's insinuation that his termination was somehow "improper" because he was fired after he ultimately declined to settle the Cotter trust litigation (SAC ¶¶ 78-94) is baseless. The "agreement-in-principle" between Plaintiff and his sisters, if finalized, would have circumscribed Plaintiff's management authority and placed him under the auspices of an Executive Committee. (HD ¶ 41.) The Board's consideration of that potential deal made sense, as a finalized agreement could have reduced the admitted dysfunction hampering RDI and rectified some of the otherwise-terminal problems in Plaintiff's CEO tenure, while also providing him a structure within which to grow and gain experience; once that agreement fell through, the Board was left with the same intractable problems as before. The fact that a company's CEO cannot "work well" with its directors or executives, and requires "close and constant supervision," as was the case with Plaintiff, is a valid basis for terminating the officer, and is a decision protected by the business judgment rule. *In re Walt Disney Co. Deriv. Litig.*, 906 A.2d 27, 72-73 (Del. 2006). Even RDI's unaffiliated investors see this as a valid reason for Plaintiff's termination. (HD ¶ 18(d).)[4]

Because the RDI Board's termination of Plaintiff can "arguably be taken to have been done for the benefit of the corporation," that merits-based decision is fully protected by the business judgment rule and immune from Plaintiff's challenge. *Horwitz*, 604 F. Supp. at 1135; *see also Katz v. Chevron Corp.*, 22 Cal.App.4th 1352, 1366 (1994) (rule protects corporate management decisions whenever they can be "attributed to any rational business purpose").[5]

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[4] The fact that the RDI Board utilized both the Company's outside counsel and its own counsel, separately retained, when evaluating Plaintiff's performance and its duties is further evidence of the exercise of protected business judgment. *See In re Walt Disney Co. Deriv. Litig.*, 906 A.2d at 72-73 ("business judgment" properly exercised where officer "weighed the alternatives" and "received advice from counsel"); *Horwitz*, 604 F. Supp. at 1134-35 (directors use of advice from "law firms" was evidence of business judgment exercise).

[5] As noted in the Individual Defendants' contemporaneous Motion for Summary Judgment on Director Independence (No. 2), each non-Cotter Board member was independent with respect to the decision to terminate Plaintiff. Even if they were not, the "business judgment rule" would still apply because, under Nevada law, an "entire fairness" review can be triggered only (1) where there is a "change or potential change" in stockholder "control of [the] corporation," NRS 78.139, not present here; or (2) where a board "authorizes, approves, or ratifies a contract or transaction" involving an "interested director," a scenario also not present where there was a

(b) Plaintiffs' Procedural Complaints Are Unsupportable

Second, Plaintiff's remaining complaints regarding the "process" surrounding his termination are equally invalid. (*See* SAC ¶¶ 72-74, 76.) It is "well settled that corporate bodies, in proceedings taken for the removal of a corporate director or an officer, are not bound to act with the strict regularity required in judicial proceedings." 2 Fletcher Cyc. Corp. § 360. Directors need not give a CEO advance notice of a plan to remove him at a regular board meeting, and RDI's Bylaws contain no notice requirement. *Klaassen v. Allegro Dev. Corp.*, 106 A.3d 1035, 1043-44 (Del. 2014) (rejecting claim that CEO's termination was improper because of lack of agenda item giving advance notice that his performance was at issue); *OptimisCorp. v. Waite*, C.A. No. 8773-VCP, 2015 WL 5147038, at *66-67 (Del. Ch. Aug. 26, 2015) (rejecting argument that directors "breached their duty of loyalty by not advising [CEO] in advance of his potential termination"); 2 Fletcher Cyc. Corp. § 357.20 (2015) (a board's failure to give CEO advance notice of a plan to remove him as CEO does "not invalidate his termination").

Even so, here Plaintiff's performance was listed as an agenda item in advance of all three Board meetings in which his potential termination was discussed, and he was repeatedly given a platform before the Board to defend his tenure and present a business plan (which he declined when it became apparent that no such plan existed). (*See* Factual Background, *supra* at 9-11.) While Plaintiff may have wished to continue through June 2015 before any vote was held on his performance, his removal was permissible under RDI's Bylaws "at any time" (HD ¶ 20(b)), RDI's Board had "an individual who we're very concerned about" such that its "process or evaluation is constantly going on" (*id.* ¶ 8(l)), and the Board had an affirmative fiduciary duty to shareholders to remove Plaintiff whenever it felt that his performance was hindering the value of the Company—it could not simply hold off on a final decision based on Plaintiff's preferred timetable. (*See also id.* ¶ 7(b) (noting that the Board "had never set a date of June 30 for our intervention" and "there was no reason for us to wait until June 30").) RDI's Board of Directors in no way "ambushed" Plaintiff. *OptimisCorp*, 2015 WL 5147038, at *67. Plaintiff "knew that

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termination of an officer. NRS 78.140. And, even if an "entire fairness" review could apply, Plaintiff's firing was unquestionably a "fair" decision by the Board in light of the above-issues.

his position as C.E.O. was in jeopardy for a longer period of time than just May 21" (HD ¶ 8(j)), and RDI's Board gave him far more notice and opportunity to defend his performance than required by law. (*See also* HD ¶ 12(j) (per Plaintiff, RDI's Board discussed "the possibility of getting an interim CEO . . . as early as October 2014").) Plaintiff's process claims, as with his attack on the underlying merits of his termination, are baseless as a matter of fact and precluded as a matter of law by the business judgment rule.

3. RDI Was Not Damaged by Plaintiff's Termination

Plaintiff's fiduciary duty claim relating to his termination also fails because he cannot prove that any "breach proximately caused . . . damages" to RDI itself. *Olvera v. Shafer*, No. 2:14-cv-01298, 2015 WL 7566682, at *2 (D. Nev. Nov. 24, 2015) (applying Nevada law and dismissing fiduciary duty claim); *see also Carlson*, 925 A.2d at 540 (dismissing claim because plaintiff could not "articulate" or "prove that any damages flowed proximately" to company from his firing). To sustain a fiduciary duty claim, there must be cognizable evidence of "economic harm suffered" by the Company actually resulting from the Board's alleged "breach of duties owed in a fiduciary relationship." *Chimney Rock Pub. Power Dist. v. Tri-State Generation & Transmission Ass'n, Inc.*, No. 10-cv-02349, 2014 WL 811566, at *4 (D. Colo. Mar. 3, 2014). Nominal damages are insufficient. *See AMERCO v. Shoen*, 907 P.2d 536, 542 (Ariz. App. 1995) (in evaluating breach of fiduciary duty claim, finding "[w]e have no basis for concluding that, in the absence of actual damage or unjust enrichment, Nevada would encourage internecine corporate litigation by permitting a nominal damage claim"). Nor will mere "speculative" damages suffice. *Chimney Rock*, 2014 WL 811566, at *4.

Plaintiff cannot meet the damages showing required to avoid summary judgment. Uncontroverted testimony and documentary evidence from within RDI indicates that Plaintiff "was very weak as a C.E.O. or as a manager," that he "wasn't really leading the business and he wasn't leading us forward," "wasn't progressing fast," lacked a "vision of where we're going," and did not do "one thing . . . that created value for the company." (HD ¶¶ 3(d), (f)-(g); 8(r), (u).) RDI's unaffiliated major investors were also unanimous that it would not " make much difference" to shareholders if Plaintiff was CEO, and that the overall performance of the RDI,

along with its business plan, have remained entirely consistent and appropriate since Plaintiff's termination. (*See* Factual Background, *supra* at 12-13.) And while Plaintiff's expert Tiago Duarte-Silva asserts that RDI performed differently when Plaintiff was CEO as compared to Ellen Cotter, he offers no evidence or analysis connecting the purported changes in performance to anything Plaintiff or Ellen Cotter did or did not do as CEO, completely avoids actual or proximate causation, and does not address the essentially unchanged performance of RDI's stock price. (*See* HD ¶ 46.)[6]

Because Plaintiff does not have evidence of any "economic harm" flowing to RDI following his termination, let alone evidence that his firing was the "proximate cause" of such harm, he cannot establish an actionable breach of fiduciary claim. *See Bd. of Managers at Wash. Park Condo v. Foundry Dev. Co.*, 975 N.Y.S.2d 707, at *2-3 (N.Y. Sup. Ct. 2013) (table) (rejecting fiduciary duty claim where there was no connection of harm to nominal plaintiff); *Stafford v. Reiner*, 804 N.Y.S.2d 114, 114-15 (N.Y. App. Div. 2005) (rejecting fiduciary duty claim because "proximate cause" evidence was absent, and claim was "entirely speculative" with "no support in the record"). Indeed, given that he cannot satisfy ***any*** of the elements required to sustain his fiduciary duty claim relating to his termination, each of Plaintiff's causes of action should be dismissed to the extent that they relate to his removal.

B. Plaintiff Cannot Maintain This Derivative Action to Assert Fiduciary Duty Claims Relating to His Termination

This Court, at the pleading stage (accepting all allegations as true), determined that Plaintiff had standing to assert a derivative action on behalf of RDI itself and its shareholders

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[6] Indeed, since Plaintiff's termination, RDI's stock has frequently traded at or above the value it held on June 12, 2015. (*See* HD ¶ 45.) Where the market data regarding the share price shows that prices have risen following disclosures, the "proximate causation" required for a breach of fiduciary duty claim is entirely lacking. *See In re Acterna Corp. Sec. Litig.*, 378 F. Supp. 2d 561, 588 (D. Md. 2005). Even if it had not, a mere drop in share price is insufficient to satisfy the required causation. *See Morgan v. AXT, Inc.*, No. C 04-4362, 2005 WL 2347125, at *16 (N.D. Cal. Sept. 23, 2005) (allegation that share price dropped after disclosure revealed prior misrepresentations insufficient to constitute causation). And, of course, a "decline" in "stock price is not even a derivative injury" and cannot support the required causation in the context of Plaintiff's purported derivative action. *South v. Baker*, 62 A.3d 1, 25 (Del. Ch. 2012).

with respect to a variety of fiduciary claims, including as they related to his termination. However, the elements of standing are not merely pleading requirements but, rather, are an "indispensable part of the plaintiff's case," and "each element must be supported in the same way as any other matter on which the plaintiff bears the burden of proof, *i.e.*, with the manner and degree of evidence required at the successive stages of the litigation." *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992); *see also Parfi Holding AB v. Mirror Image Internet, Inc.*, 954 A.2d 911, 934-42 (Del. Ch. 2008) (finding, based on "evidence that arose during discovery and other developments," that plaintiffs "now lack standing to serve as derivative plaintiffs"). It is now obvious, following discovery, that Plaintiff "does not fairly and adequately represent the interests of the shareholders or members similarly situated in enforcing the right of the corporation or association," Nev. R. Civ. P. 23.1, in bringing fiduciary duty claims relating to his termination and to the extent that he seeks reinstatement as CEO and President of the RDI. Any suggestion by the Plaintiff otherwise is tilting at windmills. Thus, even if Plaintiff's termination and reinstatement claims were not entirely barred by the business judgment rule (which they are), Plaintiff could not maintain a derivative action regarding such claims.

In pursuing a derivative action, Plaintiff "must not have ulterior motives and must not be pursuing an external personal agenda." *Energytec, Inc. v. Proctor*, Nos. 3:06-cv-0871 *et al.*, 2008 WL 4131257, at *6 (N.D. Tex. Aug. 29, 2008) (citation omitted) (applying Nevada law). "Because of the fear that shareholder derivative suits could subvert the basic principle of management control over corporation operations, courts have generally characterized shareholder derivative suits as a remedy of last resort." *Quinn v. Anvil Corp.*, 620 F.3d 1005, 1012 (9th Cir. 2010) (citation omitted).

In light of "the extraordinary nature of a shareholder derivative suit," a purported derivative plaintiff must satisfy several "stringent conditions" in order to bring such a suit. *Id.* Courts carefully weigh several factors under Rule 23.1 when deciding whether a shareholder is an adequate representative, such as: (1) economic antagonisms between the purported representative and class; (2) the remedy sought by the plaintiff in the derivative action, including the magnitude of the plaintiff's personal interests as compared to his interest in the derivative

action itself; (3) other litigation pending between the plaintiff and defendants; (4) the plaintiff's vindictiveness toward the defendants; and (5) the degree of support the plaintiff is receiving from the shareholders he purports to represent. *Energytec*, 2008 WL 4131257, at *7 (citation omitted). "It is possible that the inadequacy of a plaintiff may be concluded from a strong showing of only one factor," especially if that factor involves "some conflict of interest between the derivative plaintiff and the class." *Khanna v. McMinn*, No. Civ. A. 20545-NC, 2006 WL 1388744, at *41 (Del. Ch. May 9, 2006). Following discovery, it is clear that the vast majority of these factors negate Plaintiff's attempted derivative standing with respect to his termination and reinstatement claims, as there are irreconcilable conflicts of interest between Plaintiff, other RDI shareholders, and the Company itself.[7]

Economic Antagonism Exists: "[E]conomic antagonism between . . . plaintiff and other shareholders is typically fatal to a shareholder derivative suit." *Pacemaker Plastics Co., Inc. v. AFM Corp.*, 139 F. Supp. 2d 851, 855 (N.D. Ohio 2001). As the former CEO and President of RDI, Plaintiff "has a personal economic interest in reversing the events leading to his removal," but RDI's "shareholders do not share this interest, as they do not stand to regain past employment or company influence." *Energytec*, 2008 WL 4131257, at *7 (rejecting derivative standing by former CEO of company). Not only do Ellen and Margaret Cotter, who control the majority of the voting Class B shares in RDI, oppose Plaintiff's termination and reinstatement claims, significant unaffiliated shareholders in the Company have testified that they see no economic benefit in pursuing Plaintiff's termination claim or in seeking his reinstatement. (*See* Factual Background, *supra* at 12-13.) These outside shareholders had "no opinion" as to whether Plaintiff's termination and requested reinstatement would affect RDI's share price, saw no evidence that the Company's "business operations" have been affected by his termination or would be benefitted by his reinstatement, and do not see "a high priority" to returning Plaintiff to office. (*Id.*) Thus, there is clear economic antagonism—what is economically beneficial to

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[7] Other traditional factors, such as "indications that the named plaintiff was not the driving force behind the litigation" and "plaintiff's unfamiliarity with the litigation," *Energytec*, 2008 WL 4131257, at *7, are not at issue here and need not be discussed.

Plaintiff himself is not viewed by the Company or its investors as economically advantageous.

The Remedy Sought Is Personal: Even prior to his firing, Plaintiff repeatedly threatened RDI's Board of Directors with a derivative action to entrench his position as the Company's CEO and President. (*See* Factual Background, *supra* 9-10.) Other courts have found identical conduct to be "personal," and contrary to the type of remedy sought by truly representative plaintiffs in a derivative action. For instance, in *Khanna*, the court found that a suspended general counsel could not maintain a derivative action because of similar threats, which "demonstrate[d] a self-interested motivation that is not consistent with the continued pursuit of a derivative and class action by the plaintiff." 2006 WL 1388744, at *43. As that court noted, the derivative litigation was really "to provide leverage in his attempt to regain (and enhance) his position" after his removal—a result whose "benefit is directed almost exclusively, if not solely, to [plaintiff]." *Id.* Similarly, in *Energytec*, the court concluded that the former CEO's "interest in obtaining the requested relief" of reinstatement "far outweighs that of other shareholders," who did not "share" an interest in his "regain[ing] control" of the company. 2008 WL 4131257, at *7; *see also Tankersley v. Albright*, 80 F.R.D. 441, 444 (N.D. Ill. 1978) ("[W]here it appears that the injury is directly suffered by an individual shareholder or relates directly to an individual's stock ownership, the action is personal."). Here, Plaintiff's personal dispute relating to his termination is not a harm suffered by RDI itself or any of its other shareholders, and is not a proper vehicle for a derivative action.

Other Litigation Is Pending: In addition to this case, currently there is a California trust litigation, a Nevada trust and estates litigation, and a private arbitration proceeding, all of which relate to the contested control of RDI and purported misdeeds related to Plaintiff's firing. "Ordinarily, other litigation, in and of itself, may warrant disqualification of a plaintiff from bringing a derivative suit where it appears that the derivative plaintiff instituted the derivative suit only as 'leverage' to further his individual claims." *Scopas Tech. Co. v. Lord*, No. 7559, 1984 WL 8266, at *2 (Del. Ch. Nov. 20, 1984). Here, Plaintiff is clearly using this "derivative action as leverage to obtain a favorable settlement" in these "other actions" currently pending, *Recchion on Behalf of Westinghouse Elec. Corp. v. Kirby*, 637 F. Supp. 1309, 1315 (W.D.Pa.

1986), as he is asserting the same arguments in those cases as in this one. For instance, Plaintiff in the trust litigation has claimed—as in this action—that he was wrongfully terminated in "a boardroom coup," that "Ellen [Cotter] deliberately interfered with and corrupted a search process set in motion by the RDI Board," that Margaret Cotter was promoted to a position to which she is also wholly unqualified," and that the Board improperly increased his sisters' compensation. (*See* HD ¶ 47.) "In such circumstances," where the overlap between suits is obvious, "there is substantial likelihood that the derivative action will be used as a weapon in the plaintiff shareholder's arsenal, and not as a device for the protection of all shareholders," and "other courts have properly refused to permit the derivative action to proceed." *Owen v. Diversified Industries, Inc.,* 643 F.2d 441, 443 (6th Cir. 1981) (citations omitted).

Plaintiff Is Clearly Driven by Vindictiveness: In addition to his pre-litigation threat to use a derivative suit to "ruin . . . financially" any director that challenged his position, Plaintiff's own allegations demonstrate a strong personal animus at the heart of his action. *See, e.g.*, SAC ¶ 20 (accusing Kane of threatening "Corleone ('Godfather') style family justice"), ¶ 33 (admitting that Plaintiff "alienated his sisters"), ¶ 35 (labeling Margaret Cotter's handling of the STOMP matter, which resulted in a $2.2 million judgment for the Company, a "debacle"), ¶ 70 (insinuating that Adams was not forthcoming in his divorce proceedings); *see also* First Am. Compl. ¶ 75 (alleging that Kane, with Margaret and Ellen Cotter, "launched [a] scheme to extort [Plaintiff]"), ¶ 78 (accusing Adams of consistently engaging in a "search for the next public company victim"). Courts have determined that similar "unmistakable personal" allegations and comparable "vituperative epithets, pugilistic metaphors, and [extreme] descriptions" are indicative of an "emotionally charged feud" that is not the proper subject of a shareholder derivative action. *Smith v. Ayres*, 977 F.2d 946, 949 (5th Cir. 1992); *see also Love v. Wilson*, No. CV 06-06148, 2007 WL 4928035, at *7-8 (C.D. Cal. Nov. 15, 2007) (complaint filled with "gratuitous language" was indicative of well-known "vindictiveness and animosity" between founders of The Beach Boys, and indication that one cousin could not maintain derivative action against others); *Khanna*, 2006 WL 1388744, at *44 ("the tangential and acrimonious employment dispute" between plaintiff "and his former employer" precluded derivative action).

Plaintiff Has No Shareholder Support: Even setting aside the fact that the individuals who control a majority of RDI's voting shares do not support Plaintiff's derivative action or his requested reinstatement, it is clear that Plaintiff has no evidence of shareholder support from significant unaffiliated shareholders in RDI. Andrew Shapiro, which owns approximately $13 million in RDI's Class A stock and $30,000 in Class B stock, has testified that he "wasn't committed one way or the other than [Plaintiff] should be reinstated," and he did not "think necessarily [Plaintiff] is the best adequate representative of mine or other shareholder interests." (HD ¶ 19(f)-(g).) Both Whitney Tilson and Jonathan Glaser, who together control over 1 million shares of the Company's Class A stock and over a thousand Class B shares, have explicitly rejected the idea of reinstating Plaintiff. (*See* Factual Background, *supra* at 12-13.) Indeed, Tilson has specifically noted that "the well has been poisoned" with respect to Plaintiff as CEO, and his reinstatement would merely perpetuate a "divided company." (HD ¶ 17(a).) Tilson has further stressed that Plaintiff is not "the single best qualified person to run" RDI, and emphasized his belief that Plaintiff's advancement within RDI was likely the product of "nepotism." (*Id.*) This "lack of support" for Plaintiff's termination and reinstatement claims by relevant "non-defendant shareholders" is strong evidence that Plaintiff does not have standing to maintain his derivative challenge. *Love*, 2007 WL 4928035, at *6; *see also Smith*, 977 F.2d at 948 (lack of "cooperation" or support from other shareholders undermined attempted derivative action).

In their totality, the relevant factors reveal that Plaintiff is an inadequate derivative plaintiff, and that he should not be allowed to maintain a derivative action for his highly personal termination and reinstatement claims. *See Aztec Oil & Gas, Inc. v. Fisher*, 152 F. Supp. 3d 832, 859 (S.D. Tex. 2016) (finding similar employment dispute was not a proper derivative action); *cf. CCWIPP v. Alden*, No. Civ. A. 1184, 2006 WL 456786, at *10 (Del. Ch. Feb. 22, 2006) ("discovery" and "[f]urther development of the facts" may prove a plaintiff is "an inadequate derivative plaintiff"). Because Plaintiff lacks standing to pursue a derivative action seeking relief on his termination and reinstatement claims, summary judgment is fully warranted.

C. Plaintiff's Reinstatement Demand Is Unsupportable and Untenable

Plaintiff's Employment Contract with RDI, which relates to his duties as President and

which—according to Plaintiff—continued to apply when he became CEO (HD ¶ 11(a)), provides that Plaintiff will receive twelve months of "compensation and benefits" following a termination "without cause," and nothing if he was terminated for "cause." (*Id.* ¶ 21(c).) Nowhere does the Employment Contract give Plaintiff the right of reinstatement or any other right of specific performance against the Company. (*Id.* ¶ 21.) "It is hardly controversial to recognize that an order of specific performance is rarely an appropriate remedy for breach of an employment agreement." *Cedar Fair, L.P. v. Falfas*, 19 N.E.3d 893, 897 (Ohio 2014). The result should not be different here: Plaintiff's attempt to achieve, via this derivative action, a reinstatement remedy beyond what is available under his Employment Contract is unsupportable for six reasons. Accordingly, summary judgment as to the relief sought by Plaintiff is warranted.

First, "generally, equity will not assume jurisdiction for the purpose of reinstating a removed officer." 2 Fletcher Cyc. Corp. § 363. "An equitable action does not lie where the officer was removable without cause," *id.*, as Plaintiff was pursuant to RDI's Bylaws, which provided that he "may be removed at any time, with or without cause." (HD ¶ 20(b).)

Second, specific performance is available under Nevada law only if "the remedy at law is inadequate." *Serpa v. Darling*, 107 Nev. 299, 305 (1991); *see also* 2 Fletcher Cyc. Corp. § 363 ("equity has no power to reinstate a removed officer . . . where they have an adequate remedy at law"). Here, Plaintiff's Employment Contract sets forth the relief owed following a termination, Plaintiff is participating in a simultaneous arbitration regarding his removal, and the Company itself has suffered no damages as a result of his firing. As such, a remedy at law is clearly sufficient to resolve Plaintiff's wrongful termination claims.

Third, "there are strong policy reasons" for the "general rule against compelling an employer to retain an employee," especially if such reinstatement—as here—is "against [the employer's] wishes." *Zannis v. Lake Shore Radiologists, Ltd.*, 392 N.E.2d 126, 129 (Ill. Ct. App. 1979). Plaintiff's reinstatement "would involve difficulty of supervision," *Cedar Fair*, 19 N.E.3d at 898, and there are significant questions counseling against reinstatement as to how "a large business entity" like RDI could "properly function" if it was "force[d]" to "reemploy an unwanted senior officer" like Plaintiff "after it had obviously moved on." *Id.*

Fourth, officers have no "vested right to serve out the remainder of their terms." *Chesapeake Corp. v. Shore*, 771 A.2d 293, 345-46 (Del. Ch. 2000). Plaintiff has "no property right" in his position as CEO and, given RDI's Bylaws, if reinstated he "could immediately be fired for no reason or for any other permissible reason." *Rosario-Torres v. Hernandez-Colon*, 889 F.2d 314, 323 (1st Cir. 1989). This fact alone may "support a denial of reinstatement." *Id.*

Fifth, the "long period of time" that has elapsed since Plaintiff's termination, over 15 months at the moment (far longer than his 10 months as CEO), counsels against Plaintiff's reinstatement. *Id.* at 324 (recognizing that "a long period of time" between "discharge" and "entry of judgment" weighs against reinstatement); *Nance v. City of Newark*, Civ. No. 97-6184, 2010 WL 4193057, at *2 (D.N.J. Oct. 19, 2010) (same). This is especially true given that the Company has moved on from the issues encountered during Plaintiff's tenure, now has several new directors serving on the Board, and its own uninterested investors recognize that Plaintiff's reinstatement would merely perpetuate a "divided company."

Sixth, and finally, reinstatement is not proper where—as here—there is "irreparable animosity between the parties." *Blum v. Witco Chem. Corp.*, 829 F.2d 367, 373-74 (3d Cir. 1987); *Robinson v. SEPTA*, 982 F.2d 892, 899 (3d Cir. 1993) (same). It is beyond dispute that there is "substantial animosity between the parties," including, in particular, between Plaintiff and his sisters; "the parties' relationship [is] not likely to improve"; and "the nature of [RDI's] business require[s] a high degree of mutual trust and confidence," which is "noticeably lacking." *Brooks v. Woodline Motor Freight, Inc.*, 852 F.2d 1061, 1066 (8th Cir. 1988). Plaintiff's requested reinstatement relief is therefore untenable and should be denied.

V. CONCLUSION

For the foregoing reasons, the Individual Defendants respectfully request that the Court grant them summary judgment as to the First, Second, Third, and Fourth Causes of Action set forth in Plaintiff's SAC, to the extent that they assert claims based on Plaintiff's June 12, 2015 termination as CEO and President of RDI, and to the extent that Plaintiff seeks damages and/or an order both declaring that his termination was "legally ineffectual and is of no force and effect" and an injunction reinstating him as the Company's CEO and Chairman.

Dated: September 23, 2016

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DECLARATION OF COUNSEL NOAH S. HELPERN IN SUPPORT OF THE INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (NO. 1) ON PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS

I, Noah Helpern, state and declare as follows:

1. I am a member of the Bar of the State of California, and am an attorney with the law firm of Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel"), attorneys for the Individual Defendants. I make this declaration based upon personal, firsthand knowledge, except where stated to be on information and belief, and as to that information, I believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as Exhibit 1 is a true and correct copy of transcript excerpts from the deposition of Timothy Storey, taken on February 12, 2016, in which the following pages are relevant:

a.) 119:25-120:12 (Storey testifying that McEachern believed "the current disharmony within the business was untenable going forward and needed to be dealt with");

b.) 154:2-4 ("I think the comment was simply . . . that things should be dealt with now. They had come to a head and there was no point in delaying. . . . . That's my perception, that there was – the view was there was disharmony, and therefore it needed to be dealt with. It was clearly a view around the board table by a number of people that the matter needed to be dealt with expeditiously and rightly."); and

c.) 226:21-227:11 (Storey testifying that it "was not my opinion" that Plaintiff was terminated as CEO as a result of "the trust and estate litigation").

3. Attached hereto as Exhibit 2 is a true and correct copy of transcript excerpts from the deposition of Guy Adams, taken on April 28, 2016, in which the following pages are relevant:

a.) 77:6-24 ("Tim Storey was coaching" Plaintiff and acting as "ombudsman" to address Plaintiff's "performance and there being certain issues");

b.) 78:13-20 (according to Adams, Storey noted that "the only reason" Plaintiff received the CEO "job is because his last name is Cotter," while Adams was aware of Plaintiff's "shortcomings" upon his election);

c.) 78:18-21 (while Adams had hoped that Plaintiff could "learn on the job and get up to speed quickly . . . by April, [Adams] was of the opinion that wasn't working out");

d.) 83:23-87:23 ("I questioned [Plaintiff's] knowledge about the business he's managing and his management style . . . I was forming the opinion or had formed the opinion that he wasn't really leading the business and he wasn't leading us forward . . . . I said, We've been working with [Plaintiff] all these months and I don't see progress.");

e.) 84:20-87:23 (Adams testifying that, properly adjusting for lease rentals, the margins for film rental in the United States as compared to Australia and New Zealand revealed a 2% gap, not a 16-18% gap as Plaintiff claimed. Similarly, as RDI's ex-CFO clarified, "[i]n the USA they allocate the G and A down to the theatre level so the theatre level labor cost looks high, and in Australia and New Zealand, they allocate a lot of the labor costs up to G and A so the labor cost looks really low.");

f.) 88:24-89:22 ("But the vision of where we're going, how we're going to lead – where is our CEO leading our company, I said, We haven't heard a whiff of this . . . . Nobody saw it; nobody heard it."); and

g.) 89:23-90:10 (Gould "agreed" with Adams that Plaintiff "wasn't progressing fast.").

4. Attached hereto as Exhibit 3 is a true and correct copy of transcript excerpts from the deposition of Guy Adams, taken on April 29, 2016, in which the following pages are relevant:

a.) 419:17-421:23 (Adams recalling occasions on which he was informed, within "two days" after the events, of outbursts by Plaintiff in which he "lost his temper" when dealing with Linda Pham, Debbie Watson, and Ellen Cotter);

b.) 419:11-16 ("There's been more than one conversation by the non-Cotter board members about [Plaintiff's] interpersonal skills and anger management issues.");

c.) 422:1-18 ("Late 2014, early 2015, . . . there was a discussion . . . among the board – non-Cotter board members about potentially [Plaintiff] being coaxed or demanded to attend anger management classes.");

d.) 426:19-427:9 (Adams testifying that "[c]alling up the chairman of the board and saying he's prepared to file a derivative suit" against the Company was an unjustifiable attempt to pressure the Board and itself "cause to remove" Plaintiff);

e.) 431:2-432:19 (When Adams was discussing estate planning with Plaintiff in June 2014, Plaintiff "jumped up from his desk and turned beet red and was screaming at the top of his lungs at [Adams]," and then "marched up and down, paced, and was yelling at [Adams]" before "apologiz[ing]" for his outburst.);

f.) 451:25-452:16 (Plaintiff's "door was shut a considerable amount of time. I'm not sure exactly what was going [on] during the time the door was shut.");

g.) 451:25-454:25 (further noting that Plaintiff "seemed very slow, very hard to make decisions");

h.) 460:12-24 ("Tim Storey voiced the opinion that if his last name wasn't Cotter, he wouldn't be CEO.");

i.) 462:14-25 (Adams believed that, at the time of Plaintiff's election, he "was young" and "didn't have that much experience"); and

j.) 463:9-464:7 (Storey "appointed himself" coach for Plaintiff because, "within two or three months, it became clear to the board that [Plaintiff] needed help

in his role, not only as CEO in running the company but trying to make amends or find bridges that he could work with his sisters.").

5. Attached hereto as Exhibit 4 is a true and correct copy of transcript excerpts from the deposition of Edward Kane, taken on May 2, 2016, in which the following pages are relevant:

a.) 134:1-135:22 (Kane believed that there was a "toxic office and polarization" in RDI because of, in part, incidents between Plaintiff and various employees, which led Linda Pham to contact McEachern regarding "her concern for her actual physical safety" and Debbie Watson to "carry[] mace to the office");

b.) 137:12-140:15 (Linda Pham filed two complaints that were turned over the McEachern and Storey because she was "physically afraid" of Plaintiff, especially "when she was there after-hours.");

c.) 159:10-160:12 (Plaintiff insisted on showing the board pictures of theatres in Hawaii that Plaintiff believed were in disrepair to the Board, without first raising the issue with Ellen Cotter, in an attempt to make Ellen "the fall person for this," even though "[s]he had nothing to do with the issues, if there were any.");

d.) 161:4-162:11 (Rather than ask, "Margaret, how can I help in solving this issue?," Plaintiff "attack[ed] his sister" and "used [the STOMP dispute] as a tool to embarrass her in front of the board," which is "not what a C.E.O. would do when you have two experienced executives," and "[t]he net result" of the STOMP dispute "is that Margaret by herself handled this arbitration with her lawyers and we just got an award for more than $2.2 million."); and

e.) 164:3-21 (Storey was acting "as the ombudsman" to try to get Plaintiff "to work together" with Ellen and Margaret Cotter).

6. Attached hereto as Exhibit 5 is a true and correct copy of transcript excerpts from the deposition of Edward Kane, taken on May 3, 2016, in which the following pages are relevant:

a.) 251:13-253:6 ("The independent committee . . . spent an inordinate amount of time trying to come up with ways of ameliorating the . . . way . . . the Cotters interacted with each other."); and

b.) 331:11-332:17 (Kane explaining opinion of majority of non-Cotter directors as to why further delay on vote to terminate Plaintiff at the June 12, 2015 Board meeting would have been problematic and suboptimal for the Company's shareholders).

7. Attached hereto as Exhibit 6 is a true and correct copy of transcript excerpts from the deposition of Edward Kane, taken on June 9, 2016, in which the following pages are relevant:

a.) 529:22-530:2 (Kane noting that Gould and Storey saw "a psychologist or psychiatrist and wanted us to mandate that [Plaintiff] visit this psychologist or psychiatrist."); and

b.) 532:12-534 (testifying that the Board "had never set a date of June 30 for our intervention" and "there was no reason for us to wait until June 30").

8. Attached hereto as Exhibit 7 is a true and correct copy of transcript excerpts from the deposition of Douglas McEachern, taken on May 6, 2016, in which the following pages are relevant:

a.) 49:25-50:7 (Plaintiff "had no real estate experience, no international experience, no management experience, no cinema experience and no live theater experience");

b.) 50:19-51:12 (Storey and McEachern cautioned Plaintiff for "going around Ellen's back" and wasting "valuable" time "doing financial analysis of individual cinemas" where a "consultant [could] do this");

c.) 51:13-52:1 (Plaintiff visited RDI cinemas in Hawaii and "didn't talk to anybody, just went and took pictures" so that he could "undercut" Ellen Cotter);

d.) 52:2-5 (Plaintiff "had a habit of coming into the office, sitting in his office and shutting the door, by himself and being there all day.");

e.) 71:2-18 (identifying "sometime in mid to late May of 2015" when McEachern decided to support the termination of Plaintiff as CEO);

f.) 78:14-79:2 (McEachern testifying as to a personal meeting with Plaintiff in May, in which he threatened to go "after everybody");

g.) 112:18-113:24, 114:6-15 (Linda Pham "felt that [Plaintiff] was being abusive in his behavior towards her," and Debbie Watson's "comments were supportive of Linda Pham's concerns.");

h.) 163:20-164:5 ("I was not comfortable with [Plaintiff] having the authority and responsibilities on his own as C.E.O. of Reading");

i.) 167:4-25 (explaining why Gould's proposal, which involved delay of potentially "two years" on decision regarding Plaintiff as CEO, was not "in the best interest of shareholders");

j.) 176:1-9 (Plaintiff "knew that his position as C.E.O. was in jeopardy for a longer period of time than just May 21");

k.) 177:5-11 (recalling emails from Storey regarding "the holes in" Plaintiff's "expertise or ability to function as C.E.O. and where he needed further handling");

l.) 219:2-24 (noting that the Board had "an individual who we're very concerned about" such that its "process or evaluation is constantly going on");

m.) 229:4-6 (McEachern explaining Storey's preference at the June 12, 2015 Board meeting to conclude the process relating to the evaluation of Plaintiff as CEO "at the end of June time frame or 90-day time frame when he started");

n.) 285:5-8 (noting Plaintiff's plan "to make some sort of presentation about the ugliness of the theaters which hadn't had any capital put into them for quite a while");

o.) 285:23-286:11 (after complaints from McEachern over the course of "a month or two" that his "closed door" policy was sending the message that he was "not being engaged with the employees of the company," Plaintiff "open[ed] the door to his office one inch," which "really caused some great angst");

p.) 287:21-24 (Plaintiff "traveled around with his dad looking at things in Australia and possibly New Zealand, but in terms of any real operational effect or activities, nothing");

q.) 288:19-289:8 (likening Plaintiff's response to "throw[ing] hand grenades in something that you're trying to do on a positive basis");

r.) 292:2-5 ("The company from August of 2014 until Jim's termination, I cannot tell you one thing that we did that created value for the company, one thing that Jim Cotter, Jr., managed to do. Nothing.");

s.) 292:6-24 (Following Plaintiff's election as CEO, "August, September, October, November, December, January, February – six months goes on and he hasn't gone to visit anybody who has – connected our big activities that are taking place, which are doing exceedingly in Australia and New Zealand.");

t.) 292:25-293:9 (identifying Plaintiffs' "[i]nability to work with executives" of RDI);

u.) 293:4-9 (recalling emails in which Storey "alluded to" the fact that Plaintiff "was very weak as a C.E.O. or as a manager");

v.) 293:10-13 (noting Plaintiff's idea "to go to U.C.L.A. to learn how to manage" and "get an M.B.A.");

w) 293:23-294:8 (Plaintiff had "an inability to operate as a manager, an inability to create trust, an inability to communicate with people.");

x.) 294:3-15 ("That lack of experience that [Plaintiff] had all painted a picture that we're not making progress that our shareholders expect us to make in this organization, and we got to get somebody in here who can help us move the company forward."); and

y.) 302:21-303:13 (McEachern emphasizing his belief that Ellen Cotter "should be in charge of going and figuring out where to go" with respect to food and beverage changes, "not the C.E.O. going and undercutting an individual running that operation").

9. Attached hereto as Exhibit 8 is a true and correct copy of transcript excerpts from the deposition of Margaret Cotter, taken on May 12, 2016, in which the following pages are relevant:

a.) 275:14-278:12 (discussing factors leading to the dissolution of the "agreement-in-principle" as it was revised and lawyers for each side attempted to put it into final form).

10. Attached hereto as Exhibit 9 is a true and correct copy of transcript excerpts from the deposition of Margaret Cotter, taken on May 13, 2016, in which the following pages are relevant:

a.) 301:17-302:6 ("I believe that the email had 23 reasons why he shouldn't be giving me this employment agreement. And the employment agreement was very restricted, where if I didn't hand in a report at some particular time, I could be terminated.");

b.) 304:5-23 (Plaintiff "just wanted to find all the fault in what I had done rather than deal with the situation in hand and getting this [preliminary injunction motion] filed to prevent the show from leaving the theater.");

c.) 367:20-368:12 (Gould suggested that Plaintiff remain as President while stepping down as CEO at the May 21, 2015 meeting, following which Margaret Cotter recognized that Plaintiff "can get [his] training over the next five years and gain more experience and possibly [he] could become C.E.O. in another five years"); and

d.) 368:13-371:20 (describing negotiations regarding additional items and revisions during the attempted finalization of the agreement-in-principle).

11. Attached hereto as Exhibit 10 is a true and correct copy of transcript excerpts from the deposition of James J. Cotter, Jr. ("Plaintiff"), taken on May 16, 2016, in which the following pages are relevant:

a.) 30:25-37:9 (Plaintiff contends that his Employment Contract, which covered his duties as RDI President, continued to apply when he became CEO);

b.) 133:13-17 (Plaintiff testifies that he was appointed Vice Chairman of the Company in September 2007, and then President in June 2013);

c.) 133:18-134:11, 135:23-144:1 (Plaintiff states that he joined the RDI Board in March 2002 at his father's behest, and had never previously served on the board of a public company);

d.) 152:13-153:21 (Plaintiff concedes that he no "experience at all in the cinema or theater business of any sort" outside of his tenure as an RDI director, no experience "with business in Australia or New Zealand" other than as an RDI director, and his exposure to real estate was confined to a few transactions "as a corporate lawyer" and one "cinema transaction with Reading as a lawyer.");

e.) 163:19-165:1 (the position of President of RDI was reactivated specifically for Plaintiff; there had been no President for some time and he did not succeed anyone in that position);

f.) 198:19-21 ("I was on the verge of putting together budgets for the whole company with stretch goals.");

g.) 205:19-206:6 (Plaintiff admits that he "did not have a draft" business plan prepared as he was "waiting" for the completion of the plans from various divisions); and

h.) 235:18-21 (Plaintiff concedes that he "never presented a plan to the board prior to being terminated, but that was one of the action items that I thought was important for the company.").

12. Attached hereto as Exhibit 11 is a true and correct copy of transcript excerpts from the deposition of Plaintiff, taken on May 17, 2016., in which the following pages are

relevant:

a.) 315:22-317:16 (Plaintiff admits, "Initially, I was not supportive of the idea [of an ombudsman]. . . . I was protective of maintaining my authority as CEO[.]");

b.) 344:24-345:12 (Plaintiff testifying that he "found it difficult working with [his sisters] because, by that point, the issues that I was having with them relating to the trust and estate matters had permeated the company");

c.) 354:23-357:24 (Gould and Storey met with Bryant Crouse, an outside consultant, to discuss getting "involved in the company and perform[ing] an assessment and provid[ing] recommendations to the company, to the management team . . . on ways to improve the management and corporate governance");

d.) 447:18-448:4 (Plaintiff testifying that he visited every theater on Oahu but did not identify himself to management there "[b]ecause I wanted to almost be a mystery shopper");

e.) 481:24-483:5 (Plaintiff admitting that he "heard [] from the directors" that there was a "perception at Reading by employees" that he had "a volatile temper" and "an anger management problem," and that he told the Board that they "should all investigate" the accusations);

f.) 509:10-15 (Plaintiff admitting that "someone communicated" to him that he needed to keep his door open when in the office);

g.) 517:2-17 (Plaintiff admits yelling at Adams "sometime in 2014"); and

h.) 528:9-529:20 (Plaintiff concedes that the Board discussed "the possibility of getting an interim CEO . . . as early as October 2014").

13. Attached hereto as Exhibit 12 is a true and correct copy of transcript excerpts from the deposition of Plaintiff, taken on July 6, 2016, in which the following pages are relevant:

a.) 696:22-700:3 (Plaintiff describing his relationship with Margaret Cotter as "dysfunctional" and claiming that she "literally refused to report to me");

b.) 704:7-22 (noting his understanding that the independent directors would utilize director Storey's findings to "possibly take actions in response to those findings and recommendations"); and

c.) 705:13-706:9 (Plaintiff agreeing that a board of a company always "has the power to hire and fire a CEO" "[s]ubject to agreements made, written contracts made," "or possibly a resolution").

14. Attached hereto as Exhibit 13 is a true and correct copy of transcript excerpts from the deposition of Ellen Cotter, taken on May 18, 2016, in which the following pages are relevant:

a.) 156:19-165:18 (testifying that she and Adams also spoke with outside counsel at Akin Gump prior to May 21, 2015).

15. Attached hereto as Exhibit 14 is a true and correct copy of transcript excerpts from the deposition of William Gould, taken on June 8, 2016, in which the following pages are relevant:

a.) 86:12-22 (at the June 12, 2015 Board meeting, "even without [Ellen and Margaret Cotter's votes, . . . the parties moving for termination had sufficient votes . . . to accomplish what they wanted to do");

b.) 110:13-20 ("Guy, Doug and Ed Kane sa[id] they felt . . . that [Plaintiff's] performance was such that he should be replaced.");

c.) 119:1-120:2 ("[A]ll the directors felt that [Storey's appointment as ombudsman] was a reasonable approach to try.");

d.) 123:15-21 (At the June 12, 2015 Board meeting, the majority of the non-Cotter directors "made the statements . . . they felt that they were convinced [Plaintiff's] performance was such that it had to be cut off at an earlier point; that the time had come to make decision, and we should not wait the extra month or so to get Tim Storey's final report.");

e.) 133:17-134:5 (describing plan to "get a report from [Storey] and then make a final decision whether some or all of the Cotter family members would have

to improve their performance or change . . . what they were doing");

f.) 134:6-24 (further emphasizing that the Board was prepared "to take drastic steps which might involve terminating one or more of the Cotters"); and

g.) 210:25-211:4 (Margaret Cotter "later was vindicated when the Court ruled in Reading's favor[.]").

16. Attached hereto as Exhibit 15 is a true and correct copy of transcript excerpts from the deposition of William D. Ellis, taken on June 28, 2016, in which the following pages are relevant:

a.) 55:21-57:5 (testifying that he was aware that the Board had "some concerns about [Plaintiff's] behavior," including his "[t]emperament and what I think people characterized as anger issues," and that he personally heard Plaintiff "yelling at times" because his office "shared a thin wall" with that of Plaintiff).

17. Attached hereto as Exhibit 16 is a true and correct copy of transcript excerpts from the deposition of Whitney Tilson, taken on May 25, 2016, in which the following pages are relevant:

a.) 150:6-154:23 (Tilson stating that he would not reinstate Plaintiff if he had the opportunity because "the well has been poisoned" following Plaintiff's conflicts with Ellen and Margaret Cotter, his reinstatement would merely perpetuate a "divided company," there is a "reasonable likelihood" that Plaintiff is not "the single best qualified person to run" RDI, he was concerned that Plaintiff's advancement within RDI was purely the product of "nepotism," "[t]here was nothing that was a real outlier, either positive or negative, in the couple quarters that [Plaintiff] was the CEO" and that "my general sense is that just because you happen to have the same genetic code of the person who founded and built the company doesn't make you the best qualified CEO");

b.) 155:16-156:9 (confirming that he would not seek "the reinstatement or rehiring of [Plaintiff] as CEO");

c.) 176:2-25 ("I personally, speaking only for myself, am not an advocate for returning [Plaintiff] to the CEO position."); and

d.) 182:14-183:3 (admitting that "[t]he business operations" of RDI have "remained pretty steady" since Plaintiff's termination).

18. Attached hereto as Exhibit 17 is a true and correct copy of transcript excerpts from the deposition of Jonathan Glaser, taken on June 1, 2016, in which the following pages are relevant:

a.) 155:13-157:6 (Glaser testifying that he would not seek the reinstatement of Plaintiff, "it's just not a high priority to put [Plaintiff] back," he is "personally comfortable with Ellen Cotter as CEO," and he did not "think it would make much difference" to the "shareholders of Reading" if Plaintiff was CEO);

b.) 154:13-19 (Glaser testifying, "I actually don't really have a problem with Ellen as CEO.");

c.) 160:10-19 (testifying that he did not "have an opinion" on whether reinstatement would affect RDI's share price, and that if Plaintiff "were reinstated, I have no idea if the market would react positively or not");

d.) 222:13-20 (confirming that "a CEO could properly be terminated for not getting along with the employees and other executives of the company," and that failure to get along "would be a major factor");

e.) 243:14-244:18 (estimating current RDI stock ownership);

f.) 242:9-243:2 ("I don't really have a huge problem with the way the company is running day to day."); and

g.) 258:22-259:5 (Glaser noting that he does not "have any evidence that [Ellen Cotter] [is] not a good CEO" and that he "was not necessarily troubled by" her election as permanent CEO).

19. Attached hereto as Exhibit 18 is a true and correct copy of transcript excerpts from the deposition of Andrew Shapiro, taken on June 6, 2016, in which the following pages are relevant:

a.) 40:8-17 ("I haven't had a disagreement with their direction . . . with Senior, with [Plaintiff], or with what Ellen has been doing . . . . I think the business plan has been fairly consistent.");

b.) 41:8-11 ("[W]ith the current assets that they have, [Plaintiff] was migrating the company towards building upon what the company had, and I feel Ellen and the new regime is similarly doing that.");

c.) 42:18-43:2 ("So during both periods of time, the operating performance of the company has kind of chugged along. I don't feel there's any differences between the operational direction. I can't tell of any difference between the operational direction that [Plaintiff] was leading the company and that Ellen is leading the company.");

d.) 50:22-57:5 (outlining Shapiro's position with Lawndale and ownership of RDI stock);

e.) 98:19-23 ("I don't really have a bias between [Plaintiff's] regime or Ellen's regime, if that's what you say. I think that she's been advancing the company forward, similar to what I observed [Plaintiff] doing.");

f.) 187:19-188:14 (discussing decision not to intervene because he "was not necessarily in pursuit of, of any and all of those remedies" sought by Plaintiff, he "wasn't committed one way or the other than [Plaintiff] should be reinstated"); and

g.) 236:18-237:17 (criticizing representativeness of Plaintiff's derivative action purportedly on behalf of RDI's shareholders, including that Shapiro did not "think necessarily [Plaintiff] is the best adequate representative of mine or other shareholder interests").

20. Attached hereto as Exhibit 19 is a true and correct copy of the Amended and Restated Bylaws of RDI, last revised December 28, 2011, in which the following provisions are relevant:

a.) Art. IV ("Officers"), § 1 ("Election") ("Any person may hold one or more offices and each officer shall hold office until his successor has been duly elected and qualified or until his death or until he shall resign or is removed in the manner as hereinafter provided for such term as may be prescribed by the Board of Directors from time to time."); and

b.) Art. IV ("Officers"), § 10 ("Removal; Resignation") ("The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors, or any member of a committee, may be removed at any time, with or without cause, by the Board of Directors by a vote of not less than a majority of the entire Board at any meeting thereof or by written consent.").

21. Attached hereto as Exhibit 20 is a true and correct copy of the June 3, 2013 Employment Agreement between Plaintiff and Reading International, Inc. ("RDI" or "the Company"), previously marked as Exhibit 178 during the Plaintiff's deposition, in which the following provisions are relevant:

a.) § 1 ("Term of Employment") ("Subject to the provisions of Section 10 below, the Company shall employ the Executive, and the Executive shall serve the Company in the capacity of President for a term commencing as of June 3, 2013 . . . .");

b.) § 2 ("Duties") ("During the Term of Employment, the Executive will serve as the Company's President and will report directly to the Chief Executive Officer."); and

c.) § 10 ("Termination") ("In the event of termination under this Section 10 or under Section 5 (except as provided therein), the Company's unaccrued obligations under this Agreement shall cease and the Executive shall forfeit all

right to receive any unaccrued compensation or benefits hereunder but shall have the right to reimbursement of expenses already incurred. If the Company terminates Executive without Cause, the Executive shall be entitled to compensation and benefits which he was receiving for a period of twelve months from such notice of termination.").

22. Attached hereto as Exhibit 21 is a true and correct copy of a Form 10-K filed by RDI on March 7, 2014, in which the following page is relevant:

a.) 3 (describing focus of RDI's business and extent of its operations).

23. Attached hereto as Exhibit 22 is a true and correct copy of a Form DEF 14A filed by RDI on April 25, 2014, in which the following pages are relevant:

a.) 3-6 (providing biographies of member of the RDI Board of Directors as of April 2014 and a breakdown of their committee memberships, including with respect to James J. Cotter, Sr.).

24. Attached hereto as Exhibit 23 is a true and correct copy of an RDI press release dated September 15, 2014, in which the following page is relevant:

a.) 1 (announcing the death of James J. Cotter, Sr. on September 13, 2014).

25. Attached hereto as Exhibit 24 is a true and correct copy of a Form 8-K/A filed by RDI on February 18, 2015, previously marked as Exhibit 63 during Guy Adams' deposition, in which the following page is relevant:

a.) -5591 (summarizing trust and estate litigation).

26. Attached hereto as Exhibit 25 is a true and correct copy of a Form 8-K filed by RDI on June 18, 2015, in which the following Items are relevant:

a.) Item 5.02 (announcing Plaintiff's termination and appointment of Ellen Cotter as Interim CEO and President of RDI); and

b.) Item 8.01 (announcing the filing of Plaintiff's derivative action).

27. Attached hereto as Exhibit 26 is a true and correct copy of a Schedule 14A filed by RDI on November 10, 2015, previously marked as Exhibit 392 during William Gould's deposition, in which the following page of the included October 16, 2015 Proxy Statement is

relevant:

a.) 22 n.8 (further describing trust and estate litigation).

28. Attached hereto as Exhibit 27 is a true and correct copy of the Minutes of the Meeting of the RDI Board of Directors held on August 7, 2014, previously marked as Exhibit 179 during Plaintiff's deposition, in which the following page is relevant:

a.) 1 (reflecting the elections of Plaintiff, Ellen, and Margaret Cotter to new leadership positions on the Board of Directors, and the health-related resignation of James J. Cotter, Sr..).

29. Attached hereto as Exhibit 28 is a true and correct copy of the Minutes of the Meeting of the RDI Board of Directors held on March 19, 2015, previously marked as Exhibit 72 during Guy Adams' deposition, in which the following page is relevant:

a.) -3830 (reflecting that Storey "will be assisting with planning and governance issues over the next three months").

30. Attached hereto as Exhibit 29 is a true and correct copy of the Minutes of the Meeting of the RDI Board of Directors held on May 21, 2015, previously marked as Exhibit 199 during Plaintiff's deposition, in which the following pages are relevant:

a.) 1 (noting for the record the attendance of in-house counsel Bill Ellis and Craig Tompkins, and outside counsel from Akin Gump Strauss Hauer & Feld, LLP, on behalf of RDI; that Plaintiff "stated that he was not prepared to make a presentation on the Company's operations"; and that the Board "proceeded to discuss at length the performance of [Plaintiff] as Chief Executive Officer and President since he was appointed in August 7, 2014");

b.) 1-2 (reflecting that Plaintiff threatened a lawsuit and his attorney addressed the full Board);

c.) 3-4 (describing presentations before the Board by certain directors regarding observed "deficiencies" in Plaintiff's "leadership, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer," with the Board

ultimately deciding to "reconvene the meeting on May 29, 2015 to continue its deliberations"); and

d.) 4 (Plaintiff requested time until the next Board meeting to "give further consideration to continuing in the role of President of the Company under the leadership of a new Chief Executive Officer").

31. Attached hereto as Exhibit 30 is a true and correct copy of the Minutes of the Meeting of the RDI Board of Directors held on May 29, 2015, previously marked as Exhibit 200 during Plaintiff's deposition, in which the following pages are relevant:

a.) 1 (reflecting outside counsel's discussion of a telephonic conversation with Plaintiff's attorney on May 28, 2015 regarding authorization "to accept serve of process on behalf of the independent directors of the Company" with respect to Plaintiff's threatened lawsuit and new discussion surrounding Plaintiff's potential termination);

b.) 1-2 (Plaintiff "would not agree to remain employed as President of the Company under the leadership of a new Chief Executive Officer");

c.) 2 (reflecting motion by Director Adams, seconded by director McEachern, to remove Plaintiff from his position as President and CEO);

d.) 2-3 (Board discusses Plaintiff's performance as CEO and President of RDI, both in and outside of the presence of Plaintiff and the Cotter sisters);

e.) 3-4 (recounting progress and ultimate agreement-in-principle between the Cotter siblings during the course of the May 29, 2015 Board meeting, with a general description of the contours of the agreement reached); and

f.) 4 (noting adjournment of meeting, with "[n]o action . . . taken by the board with respect to the motion made earlier in the meeting," to "permit the Cotters to move forward to document their settlement").

32. Attached hereto as Exhibit 31 is a true and correct copy of draft Minutes of the Meeting of the RDI Board of Directors held on June 12, 2015, previously marked as Exhibit 346 during William Ellis' deposition, in which the following pages are relevant:

a.) 1-2 (reflecting Board discussion regarding Plaintiff's performance and outcome of the ultimate vote on the pending termination motion); and

b.) 2 (noting that Plaintiff asked to defer a vote on his status until the next scheduled Board meeting (to be held on June 15, 2015), but there was little support for his proposal, and no related motion was made).

33. Attached hereto as Exhibit 32 is a true and correct copy of an email sent by Timothy Storey to William Gould re: "Reading," with attachment, dated February 5, 2015, previously marked as Exhibit 189 during Plaintiff's deposition, in which the following pages are relevant:

a.) 2 (Storey indicating his belief that Plaintiff "assumed CEO role on short notice with limited experience"); and

b.) 3 (Storey noting that, under Plaintiff, "morale poor and needs to be improved" and Plaintiff "need[s] to establish teamwork etc," and writing that "CEO inexperienced and needs help to lead/develop leadership role").

34. Attached hereto as Exhibit 33 is a true and correct copy of an email sent by Edward Kane to William Gould and Timothy Storey re: "A follow up," dated February 25, 2015, previously marked as Exhibit 100 during Edward Kane's deposition, in which the following page is relevant:

a.) -204 (Kane discussing a conversation in which Plaintiff mentioned that his "reply" to the trust and estate litigation would be "very upsetting," leading Kane to fear that this "will exacerbate the dissension" between Plaintiff and Ellen and Margaret Cotter).

35. Attached hereto as Exhibit 34 is a true and correct copy of an email sent by Timothy Storey to William Gould re: "Reading- issues," dated March 6, 2015, previously marked as Exhibit 6 during Timothy Storey's deposition, in which the following page is relevant:

a.) 1 (Storey noting that "we need to help [Plaintiff] learn and to manage the business").

36. Attached hereto as Exhibit 35 is a true and correct copy of an email sent by William Gould to Guy Adams, Edward Kane, Douglas McEachern, and Timothy Storey re: "Confidential Memo – Reading International," dated March 7, 2015, previously marked as Exhibit 11 during Timothy Storey's deposition, in which the following pages are relevant:

a.) 2 (Gould outlining role for Storey to "act as an ombudsman (and mention to [Plaintiff]");

b.) 2-3 (Gould writes, "The Independent Directors cannot allow the hostility engendered by the Cotter litigation to affect the Company. As Ed Kane has often pointed out, our duty is to all the shareholders and not just to the Cotter family. We cannot accept a dysfunctional management team under any circumstances . . . . But we must ask ourselves, how can we insure that the three Cotters will work together given the 'thermonuclear' hostility currently existing?"); and

c.) 3 (Gould indicating that Plaintiff "can't go around Ellen and deal only with Bob Smerling or interview and hire a high level food and beverage executive in Ellen's area of responsibility without consulting Ellen"; "the Independent Directors may require [Plaintiff] to take an anger management class"; and plan that, "[a]t the June Board meeting, we will make an assessment of how things are going and if there has not been sufficient improvement, we will take whatever actions we deem necessary or appropriate").

37. Attached hereto as Exhibit 36 is a true and correct copy of a Summary Agenda for an RDI Conference Call, dated April 8, 2015, previously marked as Exhibit 14 during Timothy Storey's deposition, in which the following page is relevant:

a.) -726 (agenda for conference call lists "Face-to-face meeting of Independent Directors in June before the Shareholders Meeting to assess status" of Plaintiff and "Possible options" as items for discussion).

38. Attached hereto as Exhibit 37 is a true and correct copy of an email sent by Timothy Storey to Plaintiff re: "draft email," dated April 15, 2015, previously marked as

Exhibit 190 during Plaintiff's deposition, in which the following pages are relevant:

a.) 1 (Storey noting goal to operate "more harmoniously" and writing, "I have made it clear to Jim – and EC and MC – that things have to improve and that improvement has to be sustained, otherwise the board will need to look to other steps to protect the company's position"); and

b.) 2 (Storey concluding that "it is difficult for someone to change 'character' overnight" and "back sliding is not acceptable").

39. Attached hereto as Exhibit 38 is a true and correct copy of an email sent by Edward Kane to Guy Adams re: "Fw: Update report – confidential," dated May 9, 2015, previously marked as Exhibit 76 during Guy Adams' deposition, in which the following page is relevant:

a.) -5484 (Plaintiff recognizes that "I need a grown-up (who knows how a public company should operate) in the room with me and my two sisters," "I am OK with an adult in the room periodically making sure we continue momentum," and "I am ok letting this play out until the end of June or whatever date agreed to and revisit").

40. Attached hereto as Exhibit 39 is a true and correct copy of an email sent by Ellen Cotter to Plaintiff, Margaret Cotter, Edward Kane, Douglas McEachern, Timothy Storey, Guy Adams, William Gould, and William Ellis re: "Agenda – Board of Directors Meeting – May 21, 2015," dated May 19, 2015, previously marked as Exhibit 124 during Douglas McEachern's deposition, in which the following page is relevant:

a.) -5340 (listing "Status of President and CEO" listed as the first subject to be discussed at the May 21, 2015 Board meeting).

41. Attached hereto as Exhibit 40 is a true and correct copy of a "Confidential Settlement Memo of Understanding" sent by Harry Susman, counsel for Ellen and Margaret Cotter, to Adam Streisand and Meg Lodise, dated May 27, 2015, previously marked as Exhibit 98 during Guy Adams' deposition, in which the following pages are relevant:

a.) -7576–7579 (version of the tentative agreement-in-principle on certain Cotter-specific issues, providing that "JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below," including (1) an "Executive Committee" with "EMC, AMC, JJC, and Guy Adams (Chairman)" that had delegated authority extending to the hiring/firing/compensation of "all senior level consultants/employees," review and approval/disapproval "of all contracts/commitments" in excess of $1 million, and review and approval of RDI's "annual Budget and Business Plan"; and (2) investor relations would be handled henceforth "by CFO in consultation with the GC, not CEO").

42. Attached hereto as Exhibit 41 is a true and correct copy of an email sent by Plaintiff to Ellen Cotter, Margaret Cotter, Edward Kane, Douglas McEachern, Timothy Storey, Guy Adams, William Gould, and William Ellis re: "Board Meeting – Tomorrow," dated June 11, 2015, previously marked as Exhibit 403 during Plaintiff's deposition, in which the following pages are relevant:

a.) -5519–5520 (email from Ellen Cotter to the Board "reconvening the original May 21, 2015 meeting" and placing "Item 1 of this Agenda," "Status of the President and CEO," as the primary agenda item for the board meeting "tomorrow").

43. Attached hereto as Exhibit 42 is a true and correct copy of Plaintiff's Amended Responses to Edward Kane's First Set of Requests for Admission, dated July 27, 2016, in which the following Responses are relevant:

a.) Resp. to RFA No. 15 (Plaintiff admitting that the possibility of his termination was discussed by the Board in his presence at the May 21, 2015 Board meeting);

b.) Resp. to RFA No. 16 (Plaintiff admitting that the Board again discussed the possibility of his termination at a Board meeting held on May 29, 2015); and

c.) Resp. to RFA No. 17 (Plaintiff admitting that the Board discussed the possibility of his termination for the final time on June 12, 2015).

44. Attached hereto as Exhibit 43 is a true and correct copy of the Intervening Plaintiffs' Amended Responses to Margaret Cotter's First Set of Interrogatories, with Exhibits A and B thereto, dated May 16, 2015, previously marked as Exhibit 232 during the deposition of Jonathan Glaser, in which the following Responses are relevant:

a.) Interrog. Resp. No. 20 & Ex. A thereto (listing relevant RDI stock ownership and trades made by the entities controlled by Tilson); and

b.) Interrog. Resp. No. 20 & Ex. B thereto (listing relevant RDI stock ownership and trades made by entities controlled by Glaser).

45. Attached hereto as Exhibit 44 is a true and correct copy of the historical share price of RDI's Class A stock for the period from March 20, 2015 to September 21, 2016.

46. Attached hereto as Exhibit 45 is a true and correct copy of the Expert Report of Tiago Duarte-Silva, Plaintiff's expert, dated August 25, 2016.

47. Attached hereto as Exhibit 46 is a true and correct copy of James J. Cotter, Jr.'s Petition for Immediate Suspension of Powers of Ann Margaret Cotter and Ellen Cotter as Co-Trustees and For Appointment of Temporary Trustee in the related trust litigation, dated March 24, 2014, in which the following pages are relevant:

a.) 1-4 (Plaintiff arguing that he was wrongfully terminated in "a boardroom coup," that "Ellen [Cotter] deliberately interfered with and corrupted a search process set in motion by the RDI Board," that Margaret Cotter was promoted to a position to which she is also wholly unqualified," and that the Board improperly increased his sisters' compensation).

48. This declaration is made in good faith and not for the purpose of delay.

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct.

Executed on the 23rd day of September, 2016, in Los Angeles, California.

/s/ *Noah Helpern*
Noah Helpern

CERTIFICATE OF SERVICE

I hereby certify that, on September 23, 2016, I caused a true and correct copy of the foregoing **INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (NO. 1) RE: PLAINTIFF'S REINSTATEMENT AND TERMINATION CLAIMS** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System.

/s/ *C.J. Barnabi*
An employee of Cohen|Johnson|Parker|Edwards

EXHIBIT 1

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	No. A-15-719860-B Coordinated with: P-14-082942-E

DEPOSITION OF TIMOTHY STOREY, a defendant herein, noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at 1453 Third Street Promenade, Santa Monica, California, at 9:28 a.m., on Friday, February 12, 2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

aware that he was doing -- Guy Adams was doing some work in relation to estate assets, but my understanding was pretty minimal, something to do with looking at assets in Texas.

MR. KRUM:

Q. Did you ever hear or learn or were you ever told that Mr. Adams had a carried interest in certain dealings or properties in which the Cotter family -- in which the Cotter family had an interest?

MR. SEARCY: Objection. Vague. Lacks foundation.

THE WITNESS: I heard nothing regarding that until this meeting.

MR. KRUM:

Q. Take a look at the next page bearing production number 1102 on Plaintiff's 17. Can you read for us the handwritten note on the top?

A. "Notes from Tim on performance."

Q. No, I'm sorry. The prior page.

A. Okay. "No harmony with girls and" --

THE REPORTER: I'm sorry?

THE WITNESS: "No harmony with girls and needed. Not showing ability to run company." Comments from Ed Kane.

MR. KRUM: Okay.

Q. And then further down on that same page,

there's the name -- handwritten name "Doug" and there's a line that follows that. What does that say?

A. "Current position untenable."

Q. And is that a comment Mr. McEachern made?

A. Yes.

Q. And do you recall with any greater specificity what he said? Or failing that, what you understood him to mean?

A. My recollection is that he made a very brief comment to the intent that the current disharmony within the business was untenable going forward and needed to be dealt with.

Q. Let's look at the last page of Plaintiff's 17. What do these notes reflect?

A. I think these are the notes I made for myself, should I give comments on the chief executive's performance.

Q. Okay.

Did you have occasion to do that?

A. I don't recollect I did.

Q. Okay. We're done with this, or at least for the time being.

I have a few documents that I'm going to try to cover fairly quickly. Mr. Storey, I'll ask you to look at it and tell me if you recognize the document and can

MR. SEARCY: Objection. Vague.

THE WITNESS: I think the comment was simply that they -- that things should be dealt with now. They had come to a head and there was no point in delaying.

MR. KRUM:

Q. Are you referring to your prior testimony about disharmony?

MR. SEARCY: Objection. Vague.

THE WITNESS: That's my perception, that there was -- the view was there was disharmony, and therefore it needed to be dealt with. It was clearly a view around the board table by a number of people that the matter needed to be dealt with expeditiously and rightly.

MR. KRUM:

Q. Did any of Ellen Cotter, Margaret Cotter, Guy Adams and/or Doug McEachern ever respond to comments by you and/or Bill Gould to the effect that the ombudsman process was supposed to continue into June?

MR. SEARCY: Objection. Vague. Lacks foundation.

THE WITNESS: I don't recollect -- Excuse me. I don't recollect any particular comment, other than it was necessary to get on with matters.

MR. KRUM:

Q. At the -- At the board meeting at which Ellen

Calls for speculation. Calls for improper opinion.

THE WITNESS: I don't think that we had yet got to that stage where the detailed work had to be done.

MR. ROBERTSON:

Q. And in your view, did that disharmony -- was that the driving factor in the termination of Mr. Cotter, Jr.?

MR. SEARCY: Objection. Lacks foundation. Calls for speculation. Calls for opinion.

MR. RHOW: I would add vague and ambiguous.

THE WITNESS: Well, I can only speak for myself.

MR. ROBERTSON:

Q. That's all I'm asking.

A. My view was that the disharmony wasn't at a position where it -- where it gave rise to me thinking that we should change the CEO. I think it all -- pretty close to that day, that time in May, we were making reasonable progress in getting plans and budgets put together, albeit process, but the executives largely were cooperating with each other.

Q. In your view, based on your experience on the board of directors, but for the existence of the trust and estate litigation, do you believe that Mr. Cotter, Jr. would have been terminated as CEO of Reading?

MR. SEARCY: Objection. Vague. Lacks foundation. Calls for opinion. Calls for speculation.

MR. RHOW: Join all of those.

MR. FERRARIO: Me too.

MR. RHOW: And I think it's vague and ambiguous also.

THE WITNESS: Well, as I just said, I don't -- that wasn't my opinion.

MR. ROBERTSON:

Q. I'm sorry, that was or was not your opinion?

A. That was not my opinion.

Q. Okay.

A. But, I mean, you know, there are different opinions that can be had.

Q. Based upon your involvement, why was Mr. Cotter, Jr. terminated as the CEO?

MR. RHOW: Same objections. I think it calls for speculation. You're asking what --

MR. ROBERTSON: What was his understanding of why Mr. Cotter, Jr. was terminated as CEO of Reading.

MR. RHOW: Same objections.

MR. SEARCY: Join.

THE WITNESS: As you have heard, we had a series of board meetings which dealt with the matter. I don't think we dealt with -- At those board meetings, we

EXHIBIT 2

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	)	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B P-14-082942-E
T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT, et al., Plaintiffs, vs. MARGARET COTTER, ELLEN COTTER, GUY WILLIAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	

THE VIDEOGRAPHER: We are off the record --
MR. TAYBACK: I don't think that's what he said.
THE VIDEOGRAPHER: Sorry.
BY MR. KRUM:

Q. So how did that telephone conversation come about?

A. I called Ed or Ed called me. I don't remember.

Q. As best you can recall, what did he say and what did you say?

A. We were talking about Jim Junior's performance and there being certain issues. And Tim Storey was coaching him. I think we called him ombudsman, and we discussed that, how effective that was. And in the conversation, I said, I'm going to talk to Bill Gould, the lead director.

Q. You said certain issues.

To what are you referring?

A. Tim Storey's coaching Jim Junior as CEO.

Q. Anything else?

A. Those issues and just in general, Jim Junior's abilities as CEO, what we saw there, what we felt.

Q. In particular, to what were you referring

by his abilities, and likewise his performance?

A. Well, for me, we -- I think Tim Storey had a check sheet of things he wanted done, one of which was some strategy for the company, a vision for the company, where we're going, once we get the budget, how do we get there. That comes from the CEO. We wanted to firm up contracts for -- my recollection is Craig Tompkins and Margaret Cotter. We wanted to get that done. I think -- I can't remember what -- the things Ed said. Ed had a list of things as well.

I had -- over the months, I -- we elected Jim Junior. We all wanted him to succeed. And Tim Storey said that the only reason he's getting the job is because his last name is Cotter. And I said, That might be true. What our job is as a board is to help him be the best CEO he can be.

And we talked as directors about shortcomings, and I felt he can learn on the job and get up to speed quickly. And by April, I was of the opinion that wasn't working out.

Q. Now, during this telephone conversation with Mr. Kane, was there any discussion of the interpersonal dynamic between Jim Cotter Junior on the one hand and either or both Margaret and Ellen

discussed with Mr. Kane the subject of you serving as interim CEO, did you say to him, in words or substance, Have we already concluded that Jim Cotter Junior will be terminated as CEO?

A. There was a notion that we would have a board meeting and the independent directors would discuss this and there would be a vote. And I wasn't -- I wasn't sure how the vote would come out. I didn't know. But there was a -- everyone had concerns. Ed and I had a concern about it, wanted to talk about it.

Q. When was the first time you had a conversation with someone other than Ed Kane about the subject of the termination or possible termination of Jim Cotter Junior as CEO?

A. Bill Gould.

Q. And --

A. First week or so of April.

Q. Was that in person or by phone?

A. In person.

Q. Was anyone else present?

A. No.

Q. Where did that occur?

A. I went to his office. We walked across the street and had lunch. I don't know the name of

the restaurant.

Q. What did you say and what did he say?

A. I told him, We've been down this process with Jim Junior as CEO. We all wanted him to succeed. We all wanted him to take the reins and lead the company forward but there were glaring deficits. And I recounted to him how we formed this committee, if you will, resolution committee or conflicts committee, of which Tim Storey and Doug McEachern were on for the Cotter siblings to meet and talk. And McEachern told me that was -- didn't work that well.

Then we had Tim Storey acting as Jim Junior's coach. And later Tim Storey was promoted to ombudsman for this position and Tim got very involved in working with Jim Junior and coaching him. And Tim Storey was giving every month, glowing, glowing reports about how good things were going with Jim Junior.

And I disagreed with those reports and I told both Ed Kane on the phone and I told Bill Gould in person when I met him about that. And then I told Bill Gould two concerns that I had. The first concern was at some point, and I don't remember the exact date, it could have been

December, it could have been January, but Jim Junior had an analysis of movie theatres in Australia and New Zealand and their margins in Australia, and movie theatres in the USA, their margins, and there was a gap. I don't remember the precise gap but maybe it was -- the margin gap was maybe 16, 18 percent.

And Junior showed me one time in his office the spreadsheet and said, you know, Look at the gap, This is terrible. If the USA theatres operated there and had the same margins, think what the impact that would be on our earnings, et cetera, et cetera.

So there was a board meeting. I came in early for the board meeting and I went into Junior's office. In the board book, they laid out the margins for Australia and the USA. And if you adjusted the margins for the film rental in the USA compared to the film rental in Australia and New Zealand, two different markets, and you adjusted -- made adjustments for the rental, the lease rentals, it wasn't a 16 or 18 percent gap. It was like a 2 percent gap.

And Jim Junior says, Yeah, well, I don't care about that now. And this was something he was

really concerned about, I mean, for months. And then he said, Well, I'm not worried about that now. I'm concerned about the labor. The labor in Australia and New Zealand is a lot less than labor costs in the US. And I said, Well, I don't know anything about that. You're going to have to look into that.

So that was an hour before the board meeting. We went to the board meeting and Jim Junior brought up to the board this thing about the labor costs. USA theatre labor costs versus Australia and New Zealand labor costs.

And Ellen didn't really have an answer at the time. She -- she said she'd look into it, et cetera. And I thought, okay, we'll get to the bottom of it.

And later that week or the next week or the next week, I saw Andrzej Matyczynski, the ex-CFO of the company, and I said, What is this about the labor cost? Why is the labor cost so high for theaters in Australia and New Zealand -- so low in Australia and New Zealand and so high here? And Andrzej says, Well, that's easy. In the USA they allocate the G and A down to the theatre level so the theatre level labor cost looks high,

and in Australia and New Zealand, they allocate a lot of the labor costs up to G and A so the labor cost looks really low.

And I said, Does Jim Junior know this? He says, Yes, I've told him this before. And I said, We're looking at this and the board's -- he's got the board concerned about this. And Andrzej says, Yeah, I wish you all would have called me in. I could explain that.

So I told Bill Gould that -- the following: I like Jim Junior, I want him to succeed as much as anyone, but it's clear, not understanding the theatre margins, I questioned his knowledge about the business he's managing and his management style of bringing to the board this problem about labor costs.

And he hadn't even, in my opinion, properly investigated that himself. I was forming the opinion or had formed the opinion that he wasn't really learning the business and he wasn't leading us forward. And I told Bill that. I said, We've been working with Jim Junior all these months and I don't see progress.

Q. When did you tell Mr. Gould that?

A. At this lunch meeting.

Q. The lunch meeting in April?

A. In April, yes.

Q. And this -- you told him in April about this --

A. These two examples.

Q. These two examples that were raised at the board meeting in December of '14 or January of '15?

A. Yeah.

Q. And let me be clear. What you just described, was that the two concerns you talked about when you prefaced your lengthy answer?

MR. TAYBACK: Object to the -- object to the form of the question to the extent it mischaracterizes his testimony.

You can answer.

BY MR. KRUM:

Q. Let me ask it this way --

A. That's all --

Q. -- you used the term "two concerns" that you described to Mr. Gould, or words to that effect.

A. Yes.

Q. Is there anything else that falls into the category of two concerns beyond what you just

described?

A. There may have been one more concern that I can recall was about the leadership of the company and working on the budget. And Jim Junior complained that Ellen and Margaret weren't getting their budget in on a timely basis and whatnot.

I explained to Bill Gould that for the CEO, getting the division's budget, that's income they expect to receive and expenses they expect to spend. But the vision of where we're going, how we're going to lead -- where is our CEO leading our company, I said, We haven't heard a whiff of this. And I discussed this with Jim Junior several times over the last three months prior to this, and he said he's working on it. Nobody saw it; nobody heard it.

And I told Bill Gould, you know, To be a CEO, you have to lead. And I thought this was another item that raised my concern. There may have been other items we discussed over lunch regarding this matter but I don't remember them at this time.

Q. And what did Mr. Gould say at that lunch?

A. He said -- he agreed with me that Junior wasn't progressing fast. He disagreed with me that

Tim Storey wasn't doing a good job. He thought Tim Storey was doing a great job. He disagreed with me that we should act. He told me let's wait. And I said, Why are we waiting? He said, Well, let the thing be adjudicated and we'll find out how it turns out. And I said, That could take years. I think we need to make a decision what's best for the company now. And he says he wanted to wait. And I said, Bill, you and I have a different opinion about this.

Q. Did you ever tell Tim Storey you disagreed with his glowing reports about Jim Junior?

A. Yes.

Q. When?

A. It was later on. Probably around March, I would say, at a March meeting that -- along that timeline. I don't remember a specific day. But the --

Q. Was it at a board meeting?

A. Yeah, after a board meeting, yes.

Q. Okay. And what did you say and what did he say, generally?

A. I said, Tim, I appreciate your efforts. I know you're doing this with the best of

EXHIBIT 3

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	)	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

FRIDAY, APRIL 29, 2016

VOLUME II

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER 305149

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B P-14-082942-E
T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT, et al., Plaintiffs, vs. MARGARET COTTER, ELLEN COTTER, GUY WILLIAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	

Q. Did you add any substantive comments to the document based on feedback from Frank Reddick? Don't tell me what they are, just yes or no.

A. No, not really.

Q. Now, directing your attention to Roman Numeral iii, you refer to apparent anger management issues and so forth.

Do you see that?

A. I didn't read Number i, ii and iii to the board.

Q. When you drafted this, to what were you referring when you used the balance of that sentence, starting with the word "apparent"?

A. There's been more than one conversation by the non-Cotter board members about Jim Junior's interpersonal skills and anger management issues.

Q. What anger management issues, is what I'm asking you.

A. There were claims in the office that some people claim he's lost his temper with them.

Q. Who?

A. I believe Linda Pham is one of them.

Q. Anyone else?

A. Debbie Watson.

Q. Debbie Watson? Who is Debbie Watson?

A. She is an accountant for Jim Cotter's estate.

Q. She's in RDI's offices?

A. Sometimes, occasionally. Yes, she has a desk there.

Q. She has no job at RDI?

A. No.

Q. To whom does she work when she renders services to the estate of James Cotter Senior?

A. The estate trustees.

Q. Ellen and Margaret?

A. Yes.

Q. Anybody else other than Linda Pham and Debbie Watson?

A. Ellen Cotter recited an incident about Jim Junior's anger.

Q. When?

A. Maybe 2014.

Q. She recited it then, it occurred then or both?

A. No, no, no. She told me about it -- I don't know. I don't know when she told me about it but she told me in past tense about the incident.

Q. So in 2014 is did you understood the incident to have occurred?

A. I think it was 2014.

Q. Did she give you any context --

Here is the question: Did she give you any context about the incident?

A. Yes.

Q. Which was what?

A. She and Debbie Watson were working late and Jim Junior came in there and lost his temper to both of them, and they both told me independently of this incident.

Q. And the incident, you understood, occurred in 2014?

A. It could have been '15. It could have been '15. I'm not clear on when it happened. I'm just very not clear on that.

Q. And both Ellen and Debbie Watson told you about it after the fact?

A. After the fact, yes.

Q. Meaning some number of months after the fact; correct?

MR. SWANIS: Objection; form.

THE WITNESS: Debbie Watson told me about it two days later.

BY MR. KRUM:

Q. Okay. When was that?

A. Late 2014, early 2015, I'm not sure. And there was a discussion -- getting back to your question about anger management, there's been discussion among the board -- non-Cotter board members about potentially Jim Junior being coaxed or demanded to attend anger management classes.

Q. What was the conclusion reached by the non-Cotter board members about that?

A. Well, it was split, believe it or not. My recollection is that I think Bill Gould and Tim Storey may have had a position that that would have been a beneficial thing.

Ed Kane and I thought that was not beneficial. It was demeaning. It could be productive. And I remember -- I do remember at the independent directors meeting, Doug McEachern saying you can't teach interpersonal skills, so he was also not for it.

Q. Now, the precipitating events of the discussion you just described, what was the precipitating event? Was it the Linda Pham report? The supposed Linda Pham incident? I'm sorry.

A. I'm sorry. You're referring to the board -- the independent directors meeting?

Q. Let me ask a complete question.

MR. TAYBACK: I think you talked past each other.

MR. KRUM: I think we're talking past each other.

Q. Do you see in this paragraph, you say: "I personally believe we may have cause"? Do you see that? It's the fifth line of the eight lines?

A. The one under here?

Q. The left-hand margin begins, quote: While I personally believe we may have cause.

A. Yes.

Q. But to put it in context for us, Mr. Adams, you see in the prior line, you're talking about "removed without case," but I think that should be "cause"; right?

A. Yes.

Q. What was the basis for your personal belief that there may have been cause to remove Mr. Cotter Junior as president and CEO?

MR. TAYBACK: I'll only admonish you not to divulge communications with lawyers that you may have had that contributed to that, but you can give your opinion.

THE WITNESS: One is his inabilities to work with employees and contractors in the office, the name of those women I just named. Calling up the chairman of the board and saying he's prepared to file a derivative suit and conspire with hedge funds to take over the company. I thought those were potentially reasons. But you're right, the paragraph is -- reads "without cause."

BY MR. KRUM:

Q. So your view, Mr. Adams, was that the supposed incidents with Linda Pham and Debbie Watson were a basis upon --

A. And Ellen Cotter.

Q. -- and Ellen Cotter, were a basis upon which to terminate Jim Cotter Junior on or about May 20-something, 2015?

A. No, I didn't say that.

Q. Was it your view that the supposed incidents with Linda Pham, Debbie Watson and/or Ellen Cotter were a basis upon which -- well, strike that.

Did those factor into your decision-making?

A. Yes.

Q. How many conversations did you have with

your testimony about it.

Was anything else said about the supposed Linda Pham incident or the supposed Ellen Cotter and Deborah Watson incident beyond that conversation, other than what you've told me?

MR. SWANIS: Objection; form, and I'm going to lodge an objection to the "supposed" language there.

MR. TAYBACK: Join.

THE WITNESS: There was one other thing. A director made a comment that was anybody ever seeing or being witnesses to this. Everybody was dead silent.

I raised my hand and I said, Well, once I had an incident with Jim Junior and he jumped up from his desk and turned beet red and was screaming at the top of his lungs at me, and I sat down and he marched up and down, paced, and was yelling at me. And finally he sat down and collected himself and I asked him, you know, was there anything else he wanted me to do, and he said no and he apologized. He apologized.

But in that board meeting with the independent directors, when they were saying has anybody seen this, it happened to me.

BY MR. KRUM:

Q. But the answer is, nobody had seen or witnessed the supposed Linda Pham incident; correct?

A. Yes.

Q. And nobody had seen or witnessed the supposed Ellen Cotter or Debbie Watson incident; correct?

A. Yes.

Q. Hence, supposed.

When was your incident, as you described it?

A. Probably June 2014.

Q. And what was the subject matter?

A. We were talking about Mr. Cotter Senior's estate planning. And I didn't really realize how sick Mr. Cotter was, and Jim Junior was in -- was not pleased how long things were taking, and that was the subject matter of that discussion.

Q. Okay. You'll be pleased to know, Mr. Adams, I'm in the process of eliminating lots of other documents that I might have otherwise shown to you.

I'll ask the court reporter to mark as Exhibit 88, a multi-page document bearing

A. It was unanimous.

Q. Was that in August of 2014?

A. Yes, it was.

Q. And did you and James Cotter Junior work in the same office from then forward? Did he come in -- let me back up.

After James Cotter Junior became CEO, did he continue coming into the office at Reading where you were working three days a week?

A. Yes, Junior did, yes.

Q. And how much time did he spend in the office, to your perception?

A. From my perception, he worked long hours. I mean, I don't know what time he got there in the morning, but he seemed to work till 5:00, 6:00 at night.

Q. Is it fair to say or correct to say that James Cotter Junior would arrive before you did in the morning?

A. Certainly.

Q. And then would be there till 5:00 or 6:00 at night?

A. From the times I was there, it appeared that he was there before me and he stayed after me.

Q. Is it an accurate statement -- I know

we've been at this for almost two days now and I don't want to summarize things too simply, but is it an accurate statement to say that James Cotter Junior had what you would consider a good work ethic?

A. Yes and no. I'm not trying to evade the question. There was -- he was in the office, so yes, he was there. So that's the yes part of the question. The no part of the question is, his door was shut a considerable amount of time. I'm not sure exactly what was going during the time the door was shut. And so I mean, it -- he seemed very slow, very hard to make decisions.

They were trying to encourage him that it's okay, he can make -- he's CEO. But he seemed very reluctant and very slow to make decisions.

Q. I'm focusing in on his work ethic, how hard he was laboring at the task.

Based upon that, did it seem that he was laboring at the task of being CEO?

MR. SWANIS: Objection; form.

MR. TAYBACK: Object to the form.

MR. NATION: I'll rephrase the question.

Q. Did it seem that James Cotter Junior was putting in the time and effort that you would

expect of someone in his position trying to take on the challenges of being CEO?

A. Initially, yes.

MR. TAYBACK: I'm going to object to that as vague.

You can answer.

THE WITNESS: Initially, yes.

BY MR. NATION:

Q. When you say "initially, yes," you mean August, September?

A. October, November.

Q. And on? What about December and January?

A. Well, the reason I said "initially" is because there was some point, and I don't remember precisely when it was, but three or four months into the job, where I went to his secretary with documents and said, Where are those documents I put on Jim's desk? And she said, Oh, my God, don't ever put documents on his desk. I said, Well, what do I do? And she said, Give them to me and I'll log them and hound him to get them signed and returned to you. I said, Sure. I just didn't want to bother you. And she said, Jim's office is a place where documents go to get lost.

Q. Which secretary was that?

A. Antoinette. I don't remember her last name.

Q. Sounds like my office.

A. And I wasn't sure of the time spent behind closed doors. I wasn't sure what's going on during that time, what's happening there.

He made all the -- I'll tell you this: To his credit, he made -- like all the management meetings I was aware of, he made all the management meetings, every week, two a week, he made them all, that I know of.

Q. With regard to the documents going into the office to disappear, as put by his assistant, did you take that to mean that James Cotter Junior did not let documents go without first processing them or did you take it some other way?

MR. TAYBACK: Objection; vague.

THE WITNESS: I took it from the standpoint that he must bring them home and read them or he had a lot of documents in his office and they just got lost in there. That's how I took it.

BY MR. NATION:

Q. Did you ever have a document that you provided get lost?

A. Yes.

He was gaining experience. So the vetting, as you referred to, there's some amount of vetting seeing the guy work as president. There's some vetting process we see, interacting and whatnot with him at that time.

So to the extent we would have a formal vetting process, no. We knew him and saw him -- I saw him a short period of time. The other directors saw him much longer. So there was some amount of vetting but it wasn't a vetting process.

BY MR. NATION:

Q. Did you receive any input from the other directors about the appropriateness of electing James Cotter Junior to be CEO in August of 2014?

MR. SWANIS: Objection; form.

MR. TAYBACK: Join.

THE WITNESS: Yes. We had an independent directors meeting after this meeting or the meeting afterwards. I don't remember which one. And at that time, Tim Storey voiced the opinion that if his last name wasn't Cotter, he wouldn't be CEO. And I said, Yes, but he is and now our job is to support him and help him and help make him a great CEO.

///

MR. TAYBACK: Object to the extent that calls for speculation as to what other board members may have thought or expected.

But you may answer.

THE WITNESS: If Jim Cotter Junior had expectations?

BY MR. NATION:

Q. I'm asking about -- let me rephrase the question.

A. Okay.

Q. It takes a little while to get warmed up sometimes in these things.

A. Okay.

Q. I'm focusing around the time that James Cotter Junior was elected as CEO.

Did you, as a member of the board, have expectations how he was going to perform as CEO going forward from there?

A. I had expectations. I don't know about the other members of the board, what theirs were. But my expectations were that he was young, he didn't have that much experience and that he would be improving as he went. And I was expecting improvement as the months and years flew by. I was very optimistic that he would be a really good CEO.

Q. Why?

A. He's smart. He has experience. He spent what, three years as president prior to this? It appeared from that first meeting, his sisters supported him. They voted for him. I imagine his father wanted him to progress and run the company and I figured he'd settle in and learn his way, feel his way and be CEO and improve as he went.

Q. Did it start -- at some point, Tim Storey began, as referred to in some other documents, as shadowing James Cotter Junior in his job as CEO in order to try and help him out.

A. Yes.

Q. And is that something that was initiated right at the beginning in August of 2014?

A. No.

Q. How long before that was it initiated?

A. I think -- my answer is as follows:

I think Tim, bless his heart, appointed himself that, maybe after three months, maybe after four, and then he started communicating to the board things he would find having spent time with Jim Junior. And then we -- we called it Tim coaching Jim Junior.

The point is, within two or three months,

it became clear to the board that Jim Junior needed help in his role, not only as CEO in running the company but trying to make amends or find bridges that he could work with his sisters. And that was, in part, Tim Storey's duties, to help him in the CEO function and find ways to make new bridges with his sisters.

Q. Was it your perception that the issue of improving at the CEO function and bridging the gap with his sisters were hand in hand as two sides of the same problem?

MR. SWANIS: Objection; form.

THE WITNESS: No. I didn't -- me personally, Guy Adams, I didn't see that as the same thing.

BY MR. NATION:

Q. So you saw it as two --

A. Yes.

Q. -- two discrete kind of issues, one is growing into the job and the other is getting along with the other players?

A. Yes.

MR. NATION: All right. Always good when you reach for a document and the one you expect comes up.

Okay. Exhibit 92.

EXHIBIT 4

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, et al., Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

Was that the trust and estate disputes in litigation?

A. Not necessarily, no.

Q. Well --

A. I think I was referring to what was becoming a toxic office and polarization of the office.

And I'm not laying -- I did not lay blame on either Mr. Cotter or his sisters, but it needed to be better.

Q. You're referring to the second paragraph under the subsection that begins with,

"The second issue is, of course" --

A. Right.

Q. -- "the atmosphere in the L.A. office which I'm told is toxic"?

A. Right.

Q. I'll get to that in a minute, sir.

A. Okay.

Q. Do you recall anything else to which you were referring in the first paragraph when you said "resolving current disputes"?

MR. SEARCY: Objection. Asked and answered.

THE WITNESS: I can't recall what I had

in mind, but it wasn't -- I don't think it was the litigation.

BY MR. KRUM:

Q. Very well. So, going back to where we were a moment ago and the sentence that uses the word "toxic" --

A. Uh-huh.

Q. -- what was the source or what were the sources of your information that led you to say that?

A. I think the office was -- I was told was becoming polarized and there had been incidents between Jim, Jr., I think, prior to this and Bill Ellis's secretary, Linda Pham, and also with Debbie Watson and with Ellen.

And Linda Pham had contacted Doug McEachern, I think, and someone else about her concern for her actual physical safety. Debbie Watson was carrying mace to the office, and they were alleging Jimmy had yelled at them to the point that they were afraid physically. And Ellen reported the same thing. And --

Q. You think that's to what this is referring?

A. I think that the -- it may be. I don't

A. If I said it, yes.

Q. Okay. So, I'm referring to that testimony --

A. Okay.

Q. -- Mr. Kane. I'm not trying to put words in your mouth. So when you said --

A. I thought you were referring to something else.

MR. SEARCY: You have to let him finish his question. Okay?

BY MR. KRUM:

Q. When you -- when you said in words or substance something about employees taking sides, my question is, was Linda Pham one of the employees who had taken a side?

MR. SEARCY: Objection. Vague.

THE WITNESS: I think Linda Pham had filed a complaint against Jim. And whether that amounted to taking sides, it was more personal. She was physically afraid of him.

And that was turned over to Mr. McEachern and Storey.

BY MR. KRUM:

Q. Well, you don't know if she was physically afraid.

You just know she filed a complaint and said whatever she said, correct?

A. I believe --

MR. SEARCY: Objection. Mischaracterizes his testimony.

THE WITNESS: I believe in her complaint she talked about she was physically afraid.

BY MR. KRUM:

Q. You understand that Linda Pham was terminated, right?

A. Yes, I do.

Q. You understand that she was terminated for taking confidential emails between Jim Cotter, Jr., and Bill Ellis and forwarding them to Margaret Cotter.

Did you know that?

MR. SEARCY: Objection. Lacks foundation, calls for speculation.

THE WITNESS: That's not my understanding.

BY MR. KRUM:

Q. What's your understanding?

A. My understanding is that after her first complaint, she issued a second complaint saying nothing has been done and she was still afraid of

Mr. Cotter when she was there after-hours.

And then Tim Storey took it upon himself to fire her.

Q. How do you come to have that understanding?

A. Because he did fire her. And he certainly didn't run that by the so-called independent committee.

And I don't know what authority he had to do that, but he did it.

Q. Why did he fire her?

A. He never said why he fired her.

Q. Did you ask?

A. It was too late.

Q. Did you ask?

A. I think I knew -- well, she had already been fired and they had already settled on an amount to give her to leave.

Q. Okay. Did you think --

You didn't ask Mr. Storey what happened, correct?

A. All he said was he fired her.

Q. What did you say?

A. I didn't say anything. It had been done.

And if he did fire her, I should have said -- I didn't say -- "who gave you the authority to do it?"

But I didn't because she was already fired.

Q. So, what further communications did you have with anyone with respect to the termination of Linda Pham, if any?

A. I was told, and I don't know who told me this, that at that time she was working for Bill -- Bill Ellis as his secretary. And she was -- the termination was such that he ended up crying in his office, he was so upset.

Q. Who told you that?

A. I don't remember.

Q. Did you ever hear or learn or were you ever told that Bill Ellis was with Mr. Storey when Ms. Pham was terminated?

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't remember.

BY MR. KRUM:

Q. Did you ever speak to Bill Ellis about the termination of Linda Pham?

A. No.

Q. Did you ever speak to anyone other than

THE WITNESS: I can't -- I just can't remember.

BY MR. KRUM:

Q. When was the first time you told anyone, whether Ellen or Margaret or Guy Adams, that you would support the removal of Jim Cotter, Jr., as president, C.E.O. or both?

A. I just can't remember what that time line was.

Q. Do you recall a circumstance? Can you put it in context between events?

A. There were a number of events that evolved over a period of time based upon his actions.

Q. What actions are you referencing?

A. The first issue I had was when he went to Hawaii on vacation and -- it was near Christmas of 2014. And he -- he sent me some email pictures of a few of the theaters that he thought were in disrepair. And he was going to show them to the board.

I said to him, "Don't show them to the board. If she wasn't your sister, would you be sending them to the board?"

And he said "no," he acknowledged that

he wouldn't. But later on he did.

Then I suggested to him before he did that, "Why don't you say to Ellen, 'Come with me, I want -- I have some issues with the Hawaiian theaters, and just go with me and I'll point out my concerns and see how we can rectify them.'"

He didn't do that.

And in fact I started thinking Ellen was the fall person for this. She had nothing to do with the issues, if there were any, in those theaters, and there were reasons for that why she didn't.

Then there were -- there was other issues. We went to a board meeting, and he demanded that he have the authority to spend $10 million on any project without the approval of the board. And he said "My father had it."

Well, he was not then nor now is he his father.

And he actually said he should get more authority to spend that kind of money because inflation had occurred and his father had that $10 million right, which his father I don't believe ever exercised.

It didn't make any sense to me. But I

voted for it, although Tim Storey was opposed to it, because I knew he would never pull the trigger, he couldn't pull the trigger on anything.

Then there was the issue of the Stomp situation where Stomp sent a letter that they were going to leave the Orpheum Theatre, and that was a big money-maker for the company.

What he should have done is to get on a plane and go back and sit with Margaret and say, "Margaret, How can I help in solving this issue?"

Instead he used it as a tool to embarrass her in front of the board. That was a big problem for me, because that's not what a C.E.O. would do when you have two experienced executives. You work with them. And if it comes to the point you need to get rid of them, then that's another situation.

But he did not handle it appropriately at all.

And actually as a side, he -- it's in his Complaint against me and others about the Stomp and how bad she did.

Well, we had an arbitration, and the arbitrator said that Margaret had done everything required and more than everything required, and that

IN THE SUPREME COURT OF THE STATE OF NEVADA

Supreme Court Case No.
72261

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS MCEACHERN, JUDY CODDING, AND MICHAEL WROTNIAK, Petitioners, *vs.* THE EIGHTH JUDICIAL DISTRICT COURT of the State of Nevada, in and for the County of Clark; and THE HONORABLE ELIZABETH GONZALEZ, District Judge, Department 11 Respondents, and JAMES J. COTTER, JR., Individually And Derivatively on Behalf of READING INTERNATIONAL, INC., Real Party in Interest.	District Court No. A-15-719860-B, coordinated with No. P-14-082942-E and No. A-16-735305-B

APPENDIX TO WRIT PETITION
VOLUME 2
PGS. 251-500

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after the record date fixing ownership of voting stock for the 2015 Annual Shareholders Meeting (ASM).

g) On April 17, 2015, Margaret Cotter exercised two stock options to acquire 35,100 shares of Class B voting stock. She was allowed by Defendants Kane, Adams and Storey as members of the Compensation Committee by exchanging RDI Class A stock in a cashless purchase. Margaret Cotter did not file a Form 4 with the SEC until October 9, 2015, three days after the record date fixing ownership of voting stock for the 2015 ASM.

h) On September 21, 2015, Ellen and Margaret Cotter, as Executors of the Estate, exercised an option to acquire 100,000 shares of Class B voting stock through a stock option owned by James J. Cotter, Sr.

i) On October 9, 2015, Ellen and Margaret Cotter filed another amended Schedule 13D, which disclosed for the first time that Ellen, Margaret, the Estate and the Trust were members of a 13D group and that Ellen and Margaret shared voting power with both the Estate and Trust. Plaintiffs believe that Ellen and Margaret Cotter intentionally concealed their agreement and scheme to act as a 13D group until such time as they had exercised an option held by James Cotter, Sr. to acquire an additional 100,000 shares of Class B voting stock and until after the record date for the 2015 ASM had passed, as part of their scheme to control more than 50% of the voting stock of RDI.

57. Thus Ellen Cotter and Margaret Cotter, aided and abetted by Ed Kane, Guy Adams and Craig Tompkins, engaged in a scheme to fraudulently vote approximately 70% of the Class B voting stock of RDI at the 2015 ASM and intentionally concealed their intent to act as a 13D group with the Estate and Trust to take over control of the voting stock of RDI.

58. Plaintiffs are further informed and believe that RDI did not withhold any income taxes from Ellen Cotter on the pre-tax gain of $172,500 realized by her in her cashless exercise of Class B stock. Further, Plaintiffs are informed and believe that RDI did not withhold any income tax from Margaret Cotter on the pre-tax gain of $292,204 realized by her in her cashless exercise of Class B stock.

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Manipulated CEO Search:

59. On June 18, 2015, RDI filed a Form 8-K with the SEC disclosing that the Board had fired James Cotter, Jr. as CEO and President of RDI effective June 12, 2015 and that the Board had appointed Ellen Cotter as interim CEO and President of the company. Further, this 8-K disclosed "The Company currently intends to engage the assistance of a leading executive search firm to identify a permanent President and Chief Executive Officer, which will consider both internal and external candidates."

60. At a board meeting in June 2015, Ellen Cotter announced to the Board that a CEO search committee composed of herself, Margaret Cotter, Bill Gould and Doug McEachern had been formed.

61. On or about July 27, 2015, Ellen Cotter reported to members of the Executive Committee that she would likely select Korn Ferry as the executive search firm to conduct a formal search for a permanent CEO for RDI. She stated that she would likely select Korn Ferry "since they had a detailed assessment function that would be helpful in her business judgment in ensuring a successful search and de-risking the process of making the right CEO choice."

62. On or about August 4, 2015, Ellen Cotter notified the Board that she had selected Korn Ferry, an executive search firm, to assist the company in the search for a new CEO. According to the terms of the contract with Korn Ferry, RDI obligated itself to pay a non-refundable retainer of $150,000, an additional $70,000 fee to "de-risk" the search process, in addition to other fees. Korn Ferry agreed to identify three (3) candidates using its proprietary search process and make recommendations to RDI on the most qualified candidate. Ellen Cotter also informed the Board that an Executive Search Committee had been formed comprised of Ellen Cotter, Margaret Cotter, Bill Gould and Doug McEachern.

63. Between August 2, 2015 and December 17, 2015, there were no updates provided to the Board by Ellen Cotter about the progress of CEO search process. Then, on December 17, 2015, Ellen Cotter sent an email to the Board which confirmed all of the following: (1) Korn Ferry had been retained to conduct a search of both internal and external candidates; (2) a Search Committee had been formed consisting of directors Gould, McEachern, Margaret and Ellen

Cotter; (3) the Search Committee was going to interview a select group of Korn Ferry suggested candidates and reduce the number of candidates to two or three semi-finalists; (4) Korn Ferry was to conduct a "proprietary Korn Ferry Assessment" of semi-finalist candidates selected by the Search Committee; and (5) the Search Committee was to recommend a finalist to the full Board for consideration and a vote by the full Board of Directors.

64. In that same memo, Ellen Cotter further advised the Board that Korn Ferry had interviewed several external candidates and had recommended that the Search Committee interview six candidates. Finally, Ellen Cotter informed the Board in this memo that she had formally submitted her candidacy to the Search Committee for the permanent CEO and President position of RDI and had resigned her position as a member of the Search Committee.

65. On or about December 17, 2015, after the Search Committee had interviewed five CEO candidates, Korn Ferry recommended that three candidates, including Ellen Cotter, be selected to undergo further and more detailed assessment as part of the selection process. Additionally, Korn Ferry identified a fourth candidate on December 17, 2015, which the Search Committee decided to interview the following week. However, the Search Committee decided on December 17, 2015 that its preliminary consensus was that, if after the interview process, Ellen Cotter was the preferred candidate, that it would instruct Korn Ferry to suspend its selection assessment "given the Committee's extensive past experience with Ellen Cotter."

66. On December 18, 2015, before the Search Committee had interviewed the fourth and most recent candidate suggested by Korn Ferry, Craig Tompkins contacted Korn Ferry and instructed them to set up the interview of the fourth and newest candidate, but to suspend any further assessment work until a determination by the Search Committee was made as to the status of Ellen Cotter.

67. On December 23, 2015, the Search Committee interviewed the fourth and newest candidate recommended by Korn Ferry.

68. On December 29, 2015, the Search Committee met and resolved to recommend to the Board that Ellen Cotter be appointed as the permanent CEO and President of RDI.

/ / /

69. On January 8, 2015, the Board of Directors voted to accept the recommendation of the Search Committee and appointed Ellen Cotter as the permanent CEO and President of RDI.

70. The CEO search process undertaken by the Search Committee was a ruse to give the outward appearance to Plaintiffs and other public shareholders that the Board had undertaken an independent search using search criteria employed by a national executive search firm. However, after paying Korn Ferry hundreds of thousands of dollars, Ellen Cotter, Margaret Cotter, Bill Gould and Doug McEachern (the Search Committee) abruptly cancelled Korn Ferry's search process before it could complete its assignment and make a recommendation on the most qualified candidate(s) to the Board. The payment of hundreds of thousands of dollars to Korn Ferry constitutes corporate waste. Further, the members of the Board did not exercise an independent, informed decision-making process when they voted to appoint Ellen Cotter as the permanent CEO, because (1) they did not interview any of the candidates; (2) they were only provided with a written summary of the Search Committee's work two days before the Board meeting to vote on Ellen Cotter; (3) Korn Ferry's further assessment of the semi-finalist candidates was terminated by the Search Committee before it could complete its contractual assignment and make a final recommendation to the Board on the most qualified candidate(s).

Corporate Waste:

71. Shadow View Land and Farming, LLC ("Shadow View") was formed by James J. Cotter, Sr. in 2012 to acquire and develop 202 acres in Coachella, California, which was zoned for 800 single-family homes. James Cotter, Sr. and RDI each own a 50% interest in Shadow View. RDI's initial cash investment in Shadow View was $2,775,000. Since its formation, considerable expenses have been incurred on entitlements. However, since the death of James Cotter, Sr. and the illiquid nature of his Estate, Mr. Cotter, Sr. has not been able to pay his fifty percent (50%) share of the expenses of Shadow View. Plaintiffs are informed and believe that RDI has paid, and continues to pay, Mr. Cotter, Sr.'s 50% share of expenses of Shadow View, which amounts to corporate waste.

72. Sutton Hill Properties, LLC (Sutton Hill Properties) owns the Cinemas 1,2,3 property. Sutton Hill is owned 75% by Citadel Cinemas, Inc. (an RDI affiliate) and Sutton Hill

Capital. Sutton Hill Capital is owned by Sutton Hill Associates, which is a 50/50 general partnership between James Cotter, Sr. and Michael Forman. When Sutton Hill Capital acquired its interest in Sutton Hill Properties, it acquired 25% of Sutton Hill Properties' liabilities. One of these liabilities was a $2,910,000 loan from RDI to Sutton Hill Properties. No interest has ever been charged by or paid to RDI on this loan. Further, this loan was not repaid when the Cinemas 1,2,3 property was refinanced several years ago. Mr. Cotter, Sr., and now his Estate, is a 25% debtor on this loan. However, no demand has been made by RDI on the Estate for repayment of Mr. Cotter, Sr.'s share of this loan or the payment of interest on this loan by any of the debtors. The failure by the Board of Directors to demand repayment of this loan to RDI, and/or to demand interest payments on this loan to RDI constitutes corporate waste.

73. RDI entered into an agreement with Sutton Hill Capital, LLC (which is owned 50/50 by James Cotter, Sr. and Michael Forman), whereby RDI has made lease payments of $70,000 per month to Sutton Hill Capital for the sole purpose of assisting an entity owned by James Cotter, Sr. and Michael Forman defer a capital gain of $13,000,000 by structuring a lease/loan agreement. Such lease payments, which are believed to constitute hundreds of thousands of dollars, made by RDI constitute corporate waste.

74. For many years, Defendant Craig Tompkins has been classified by RDI as an "independent contractor" and RDI has issued him an IRS Form 1099 for the consulting fees paid to him. However, RDI has also created a dual classification for Mr. Tompkin's employment by allowing him to participate in RDI's 401K plan, group medical plan, executive life insurance plan and other benefits which are reserved only for employees. RDI has issued Mr. Tompkins both a 1099 and W2 for the same tax years for many years. As an independent contractor, Tompkins was not eligible to participate in RDI's 401K, medical, or executive life insurance benefits and such benefits constitute corporate waste by RDI.

Tim Storey Forced to Resign:

75. In late 2014, Director Tim Storey was appointed by the Board as an "ombudsman" to meet separately with James Jr., Ellen and Margaret Cotter to help them work together more effectively and to reform corporate governance. However, his requests for a business plan for U.S.

Cinemas from Ellen Cotter was met with hostility and she replied to Storey that his requests "bordered on harassment".

76. Likewise, commencing in April of 2015, Ed Kane began a calculated attack on Tim Storey's role as ombudsman as well as the "independent committee" composed of Storey and Bill Gould, because Storey's regular updates to the Board about James Cotter, Jr.'s performance as CEO were positive, which undermined the efforts of Ellen, Margaret and Kane to remove James Cotter, Jr. as CEO and President of RDI.

77. On April 20, 2015, Kane accused the his fellow directors, Tim Storey and Bill Gould of being "conflicted" in the dispute between James Cotter, Jr. and his sisters on whether Ellen Cotter could exercise her father's stock option for 100,000 shares of Class B voting stock. Kane made this accusation because both Storey and Gould opposed the stock option exercise by Ellen Cotter, and instead had insisted that RDI get an opinion from outside legal counsel on the matter.

78. Directors Storey and Gould objected to the improper notice for the May 21st board meeting, and instead called for a meeting of the non-Cotter directors to separately hear from James Cotter, Jr. regarding his performance and from Ellen and Margaret Cotter on their views. Specifically, Director Storey cautioned his fellow board members that they had previously agreed upon a process where the "independent committee" led by Storey would report to the board as the performance of James Cotter, Jr. as CEO in June and that any attempt to vote on James Cotter, Jr.'s termination at the May 21, 2015 board meeting was not following a proper process or acting with deliberation and reason. Storey objected to participating in a "kangaroo court". In response, Director Kane blocked that requested meeting of the non-Cotter directors and instead insisted that the specially-noticed board meeting go forward as requested by Ellen Cotter to vote on the termination of James Cotter, Jr.

79. At the June 12, 2015 Board meeting, Tim Storey, along with Bill Gould, voted against terminating James Cotter, Jr.

80. On or about July 6, 2015, Tim Storey requested to see a copy of an opinion letter written by RDI's counsel to the Board in response to a letter received by the Board from James

Cotter, Jr.'s attorney. However, Ed Kane objected to sharing this legal opinion from RDI's counsel with Storey, despite the fact Storey was a Director of RDI at the time.

81. On or about July 27, 2015, Tim Storey sent a lengthy email to Ellen Cotter, objecting to the lack of timely agendas for board meetings, the lack of clear objectives and delegated authority for the Executive Committee (from which he was excluded), and his request for certain reforms to corporate governance of RDI.

82. On or about September 9, 2015, Tim Storey sent an email to Ellen Cotter requesting an update on the status of the CEO search since it had been three months since James Cotter, Jr. had been terminated with no update.

83. On September 21, 2015, Tim Story abstained from voting to approve Ellen Cotter's exercise of her father's stock option to acquire 100,000 shares in a cashless exercise by exchanging Class A non-voting stock for Class B voting stock.

84. On October 6, 2015, at a meeting of the Special Nominating Committee, Ellen and Margaret Cotter informed the committee that they did not support the re-election of Tim Storey to the Board because (1) he was disruptive to the deliberative process of the Board; (2) did not have the confidence of a majority of the other directors; (3) placed a disproportionate (and completely new found – having never raised the issues when Mr. James J. Cotter, Sr., was the Chairman and CEO of the Company) emphasis on "procedure and process" and was placing more emphasis on getting costly outside legal opinions, preserving "optics" and preventing "embarrassment" than on reaching good sound business decisions and moving the business of the Company forward in a manner that would be in the best interest of the stockholders; (4) costly in terms of the cost and expense bringing him from Auckland to Los Angeles for meetings; and (5) in voting against the termination of James Cotter, Jr. as CEO and President, seemingly focused more on preserving his rather lucrative position as the ongoing "mentor" to Mr. Cotter, Jr. tan having a qualified and competent individual run the Company.

85. On or about October 8, 2015, Guy Adams informed Tim Storey he would not be re-nominated as a director of RDI and that Storey had two choices to make. The first choice was to resign from the board immediately, for which he would receive in exchange (1) $50,000 (one year

director's fee); (2) he could exercise all of his stock options on a cashless basis; (3) he would remain on the board of RDI's New Zealand subsidiary; (4) he would be indemnified from all litigation; and (5) RDI would pay all of his legal fees. Adams informed Storey that if he didn't accept this deal, then he would not be re-nominated as a director and would not receive the $50,000 fee or other benefits offered above.

86. On October 8, 2015, Storey tendered his resignation and accepted the "take-it-or-leave-it" terms outlined above.

87. Tim Storey was forced to resign as a director of RDI because he (1) pushed for corporate governance reform of RDI; (2) was opposed to the termination of James Cotter, Jr.; (3) was opposed to Ellen Cotter's exercise of her father's stock option to acquire 100,000 Class B shares; (4) demanded a business plan from Ellen Cotter; (5) demanded that agendas for board meetings be shared with directors in a timely manner in advance of board meetings; (6) requested drafts of the minutes of board meetings be circulated to all board members shortly following each board meeting so directors could check them for accuracy; (7) opposed the unlimited delegation of authority to the Executive Committee; (8) requested updates on the status of the CEO search.

88. Defendants, Ellen Cotter, Margaret Cotter, Ed Kane and Guy Adams forced Tim Storey to resign because he tried to reform to RDI's abysmal corporate governance and would not go along with the Cotter sisters' plan to continue to run RDI as a family fiefdom with little consideration for non-controlling shareholders, as their father had done during his lifetime.

RDI's General Counsel Asserts Fraud Claim Against RDI:

89. On or about July 16, 2015, Bill Ellis, RDI's general counsel, informed Ellen Cotter and Craig Tompkins that he intended to assert a claim against RDI for fraudulent inducement in connection with his employment and that while he was willing to work out a solution that would allow him to remain employed as RDI's general counsel, he wanted to toll the statute of limitations on his claim and retain the right to seek monetary damages against RDI.

90. On or about July 20, 2015, a meeting of the Executive Committee, consisting of Guy Adams, Ellen Cotter, Margaret Cotter and Ed Kane, took place. At this meeting, Ellen Cotter and Craig Tompkins informed the other members of the Executive Committee of the

fraudulent inducement claim asserted by Bill Ellis against RDI. At this meeting, Ellen Cotter informed the members of the Executive Committee that Bill Ellis had a conflict of interest and an adverse interest to the Company, and that as a result of these conflicts, she no longer was confident in seeking legal advice from Bill Ellis. She further advised the members of the Executive Committee that the Company may be threatened by Mr. Ellis' own financial or professional interests and that Mr. Ellis' own financial interests in preserving his claim for damages against the Company will interfere with the best interests of the Company. At this meeting, the Executive Committee appointed Craig Tompkins to serve as "Special Legal Counsel" to Chief Executive Officer, Ellen Cotter.

91. On or about July 31, 2015, Guy Adams briefed the members of the Executive Committee on the results of his and Ellen Cotter's efforts to negotiate a resolution of Bill Ellis' claim he was fraudulently induced in his employment as general counsel for RDI. Specifically, Adams and Ellen Cotter announced to the members of the Executive Committee that Bill Ellis had agreed to execute a general release of his fraud claim in exchange for one year severance payment benefit. Additionally, Adams reported to the members that Bill Ellis had agreed upon an allocation of his general counsel duties wherein all corporate governance issues, including the issuance of stock/option grants, preparation of minutes, preparation for annual shareholder meetings would be handled in the future by Craig Tompkins, Special Legal Counsel to the Chief Executive Officer. Additionally, Adams reported that Tompkins had been appointed as Recording Secretary for the Company, thus allowing him to attend all board meetings. Finally, Adams informed the members that Tompkins' consultant agreement would be superseded with and employment agreement.

92. On or about August 3, 2015, Craig Tompkins sent an email to Ellen Cotter, further increasing his duties above to include oversight of all public reporting and principal legal advisor for stockholder litigation and issues pertaining to internal board issues.

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DEMAND IS EXCUSED

93. Demand upon the board of directors required by NRCP 23.1 is excused under Shoen v. SAC Holding Corporation, 137 P. 3d 1171, because the protection normally afforded directors under the business judgment rule is inapplicable to protect the Director Defendants herein. Specifically, a majority of the Director Defendants have put their own personal financial interests ahead of the public shareholders' interests by succumbing to the control and undue influence of directors Margaret and Ellen Cotter, who have a pecuniary interest in the outcome of the Trust and Estate litigation which will determine who controls the voting stock of RDI.

Edward Kane is an "Interested" Director:

94. Defendant Edward Kane was a life-long friend of James J. Cotter, Sr., and Defendants Margaret and Ellen Cotter refer to him as "Uncle Ed" and he refers to the Cotter siblings as the "kids".

95. On October 1, 2014, Kane send an email to Tim Storey, stating, in relevant part:

> "What you are suggesting, in part, is greater Board input and oversight. This obviously is a great departure from Jim's method of operation where the Board was basically there to satisfy SEC requirements and not to offer suggestions or criticism….Jim paid directors far below market because he felt down deep that the Board had little to offer. To some extent, Jim was correct, as he did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements."

96. Further, in September of 2014, Ellen Cotter was applying for a mortgage from Bank of America to purchase a new home. However, her income was not high enough to qualify for the loan amount she was seeking. So, Ellen Cotter requested "Uncle" Ed Kane to author a letter as Chair of the Compensation Committee to Bank of America representing that the Compensation Committee expected to raise Ellen's base salary "no less than 20%". Ellen Cotter ghost-wrote this letter for Ed Kane to send to her mortgage lender. Despite the fact that Ed Kane admitted in an email to James Cotter, Jr. that it was "clearly inappropriate" for him to do so, Kane acquiesced to Ellen's request and sent the requested letter to Bank of America.

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97. Defendant Kane conspired with Ellen and Margaret Cotter to remove disband the "independent committee" comprised of Tim Storey and Bill Gould so he and the Cotter sisters could move to fire James Cotter, Jr. as CEO. In furtherance of this conspiracy, Kane requested and obtained a copy of James Cotter, Jr.'s employment agreement with the company as early as May 15, 2015, a month before the Board voted to terminate James Cotter, Jr. Kane reviewed this employment agreement with co-defendant Guy Adams for the express purpose of determining how to terminate James Cotter, Jr., even though the Board had agreed to wait until June 2015 to hear from the "independent committee" on the performance of James Cotter, Jr. On May 18, 2015, Kane asked Adams to find someone to second a motion to fire James Cotter, Jr. and to nominate Ellen Cotter as interim CEO and to form an executive committee consisting of only Kane, Adams and the two Cotter sisters (e.g. excluding Tim Storey and Bill Gould).

98. Defendant Kane was clearly controlled and unduly influenced by Defendants Ellen Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as President and CEO of RDI. For example, Kane and Guy Adams agreed to "take sides" with Ellen and Margaret Cotter in their decision to fire James Cotter, Jr. as CEO and President of RDI.

Guys Adams is an "Interested" Director:

99. Defendant Guy Adams has a long history as a paid consultant to James Cotter, Sr. and has participated financially in several real estate projects with Mr. Cotter, Sr. Specifically, on or about June 10, 2013, Adams entered into an "Agreement between James Cotter, Sr. and Guy Adams", wherein Adams was paid an annual salary of $52,000 from JC Farm Management Co., a company wholly owned by James Cotter, Sr. According to the above-referenced agreement, Adams was also paid a bonus of $25,000 in 2013 for setting up two property insurance companies domiciled in Utah for Mr. Cotter, Sr. Adams became an officer of both insurance companies, which are owned by Ellen, Margaret and Jim Cotter, Jr. The above-referenced agreement further provides that in exchange for providing management of three real estate projects in Coachella, California, Seattle, Washington and Austin, Texas, Adams will receive 5% of the net profits. The agreement estimates Adam's share of the net profits from all three of these real estate projects will be $862,500. These "carried interests" in the Cotter family's personal investments creates a

financial conflict of interest for Guy Adams because his financial interests and those of the Cotter family are inextricably entwined.

100. Adams requested and obtained a copy of James Cotter, Jr.'s employment agreement with the company as early as May 15, 2015, a month before the Board voted to terminate James Cotter, Jr. Adams reviewed this employment agreement with co-defendant Ed Kane for the express purpose of determining how to terminate James Cotter, Jr., even though the Board had agreed to wait until June 2015 to hear from the "independent committee" on the performance of James Cotter, Jr. On May 18, 2015, Kane asked Adams to find someone to second a motion to fire James Cotter, Jr. and to nominate Ellen Cotter as interim CEO and to form an executive committee consisting of only Kane, Adams and the two Cotter sisters (e.g. excluding Tim Storey and Bill Gould). Adams agreed to do so.

Margaret Cotter is an "Interested" Director:

101. Margaret Cotter is currently engaged in the Trust and Estate Litigation, whereby she and her sister, Ellen, seek to invalidate James Cotter, Sr.'s 2014 Amendment to the Trust in order to obtain voting control of RDI's Class B stock. Margaret Cotter's threats and later vote to fire her brother as President and CEO of RDI because he refused to accept her "take-it-or-leave-it" settlement offer in the Trust and Estate Litigation clearly shows she is an "interested" director in the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

102. Further, Margaret Cotter is an "interested" director for all of the reasons alleged above concerning the fraudulent election at the 2015 ASM.

Ellen Cotter is an "Interested" Director:

103. Ellen Cotter is an inside director of RDI and is currently engaged in the Trust and Estate Litigation where she and her sister, Margaret, seek to invalidate James Cotter, Sr.'s 2014 Amendment to the Trust in order to obtain voting control of RDI's Class B stock. Ellen Cotter, together with her sister, threatened to and then later did have James Cotter, Jr. fired as President and CEO of RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by Margaret and Ellen Cotter in the Trust and Estate Litigation. Ellen Cotter was clearly "interested" in the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

104. Further, Margaret Cotter is an "interested" director for all of the reasons alleged in paragraphs 39 through 58 above concerning the fraudulent election at the 2015 ASM.

Judy Codding is an "Interested" Director:

105. On October 13, 2015, just a week before the company filed its Proxy Statement with the SEC, RDI issued a Form 8-K announcing the Board had appointed Dr. Judy Codding to the Board of Directors for an initial term expiring at RDI's 2015 ASM (or for a term of less than 30 days).

106. Judy Codding has been a close personal friend of Mary Cotter, the mother of Ellen and Margaret Cotter for approximately 30 years. She has no education, training or experience in either of the two business sectors of RDI, cinemas and real estate. Codding's work experience has been in the field of education. Codding was nominated to the Board by Ellen Cotter because the sisters could count on her to support them. Clearly, Judy Codding is an "interested" director.

Michael Wrotniak is an "Interested" Director:

107. On October 13, 2015, just a week before the company filed its Proxy Statement with the SEC, RDI issued a Form 8-K announcing the Board had appointed Michael Wrotniak to the Board of Directors for an initial term expiring at RDI's 2015 ASM (or for a term of less than 30 days). Wrotniak is a close personal friend of Margaret Cotter from college. Wrotniak is married to Margaret Cotter's best friend and college roommate from Georgetown University, and has known Margaret since 1988. Margaret Cotter's children refer to Mr. Wrotniak as "Uncle Michael". He has no education, training or experience in either of the two business sectors of RDI, cinemas and real estate. Codding's work experience has been in the manufacturing and trading of carbon. Wrotniak was nominated to the Board by Margaret Cotter because the sisters could count on him to support them. Clearly, Michael Wrotniak is an "interested" director.

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FIRST CAUSE OF ACTION

(Breach of Fiduciary Duty – Against Defendants Ellen Cotter, Margaret Cotter, Ed Kane, Guy Adams, Bill Gould, Doug McEachern, Judy Codding and Michael Wrotniak)

108. Plaintiffs repeat and re-allege paragraphs 1 through 107, inclusive, and incorporate them herein by this reference.

109. Each of the Defendants named above were directors of RDI at all relevant times alleged herein. As such, each owed fiduciary duties, including duties of due care and loyalty, to the Company and to Plaintiffs and other RDI shareholders.

110. The duty of due care owed by each Defendant required the directors to exercise that care that a reasonably prudent person in a similar position would use under similar circumstances. This duty of due care required the Defendants to not act with undue haste, a lack of board preparation or a failure of deliberation with respect to the merits of every business decision and to not take sides in a family dispute between directors.

111. The duty of loyalty owed by each Director Defendant requires directors to act in good faith and in the best interest of the Company and the shareholders and to refrain from acts which advance their own personal or financial interests over the interest of the Company and its shareholders.

112. Defendants breached their duty of due care in each of the following ways:

a) terminating James Cotter, Jr. as CEO and President of RDI on June 12, 2015 without following any proper process, deliberation or evaluation of his performance and instead terminating him simply because he refused to accept the "take-it-or-leave-it" settlement demand made by Ellen and Margaret Cotter in the Trust and Estate Litigation;

b) recognizing Ellen Cotter's and Margaret Cotter's vote of 327,808 shares of Class B stock at the 2015 ASM, despite the fact that the books and records of RDI identified the record owner of those shares was James J. Cotter, Sr.;

c) recognizing Ellen and Margaret Cotter's vote of 686,080 shares of Class B stock at the 2015 ASM, despite the fact that said shares were listed on the book and

records of RDI as owned by the Trust, and the matter of who the trustee(s) are for the Trust has not yet been adjudicated in the California Lawsuit;

d) approving Ellen Cotter's exercise of her father's stock option for 100,000 Class B shares, when that option expired 90 days after his resignation of employment with RDI;

e) recognizing Ellen Cotter's vote of those 100,000 Class B shares at the 2015 ASM;

f) abandoning the Korn Ferry CEO search after paying that executive search firm hundreds of thousands of dollars and instead appointing Ellen Cotter as the permanent CEO without receiving any advice or recommendation from Korn Ferry regarding the most qualified CEO candidate(s);

g) approval of the payment of significant funds by RDI to pay for the financial obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton Hill properties;

h) failure to require repayment or interest on a $2,910,000 loan by RDI to Sutton Hill Properties;

i) approval of payments by RDI to Sutton Hill Capital simply to assist that entity (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a $13,000,000 capital gain;

j) forcing Tim Storey to resign because he did not provide unqualified support of Ellen and Margaret Cotter's decisions to fire James Cotter, Jr, the delegation of authority to the Executive Committee, or Ellen's exercise of her father's stock option to acquire 100,000 Class B shares prior to the ASM to obtain voting control of the company;

k) Allegedly fraudulently inducing Bill Ellis to become employed as general counsel for RDI, then waiving this conflict of interest and allowing him to remain employed as RDI's general counsel, and then appointing Craig Tompkins as "Special Counsel to the Chief Operating Officer" handling all issues touching on

corporate governance, stockholder litigation, annual shareholder meetings, stock options and stockholder relations.

113. Defendants breached their duty of loyalty in each of the following ways:

a) Ellen and Margaret Cotter failed to timely file Schedule 13D's with the SEC disclosing that they were a 13D group that shared voting power over the shares held by the Estate and Trust until after the record date for the ASM has expired;

b) Ellen and Margaret Cotter failed to timely file Form 4's with the SEC disclosing they had exercised options to acquire Class B shares in a cashless exercise until after the record date for the 2015 ASM has expired;

c) abandoning the Korn Ferry CEO search after paying that executive search firm hundreds of thousands of dollars and instead appointing Ellen Cotter as the permanent CEO without receiving any advice or recommendation from Korn Ferry regarding the most qualified CEO candidate(s);

d) approval of the payment of significant funds by RDI to pay for the financial obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton Hill properties;

e) failure to require repayment or interest on a $2,910,000 loan by RDI to Sutton Hill Properties;

f) approval of payments by RDI to Sutton Hill Capital simply to assist that entity (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a $13,000,000 capital gain;

g) allegedly fraudulently inducing Bill Ellis to become employed as general counsel for RDI, then waiving this conflict of interest and allowing him to remain employed as RDI's general counsel, and then appointing Craig Tompkins as "Special Counsel to the Chief Operating Officer" handling all issues touching on corporate governance, stockholder litigation, annual shareholder meetings, stock options and stockholder relations;

/ / /

h) failing to withhold income taxes from Ellen and Margaret Cotter in connection with the gain realized by them in the cashless exercise of trading their Class A shares for Class B shares;

i) paying employee benefits to Margaret Cotter and Craig Tompkins when they were outside consultants.

114. As a direct and proximate result of the breaches of fiduciary duties alleged herein, Company and its shareholders have suffered and continue to suffer damages.

115. Plaintiffs cannot ascertain at this time the full nature, extent or amount of damages suffered by the Plaintiffs and the Company, which are in excess of $50,000. Plaintiffs will amend this complaint when the amount of damages is ascertained according to proof at the time of trial.

SECOND CAUSE OF ACTION

(Aiding and Abetting Breach of Fiduciary Duty – Against Defendants Craig Tompkins, Ed Kane, Guy Adams, Doug McEachern, Judy Codding and Mark Wrotniak)

116. Plaintiffs repeat and re-allege paragraphs 1 through 115, inclusive, of this First Amended Complaint and incorporate them herein by this reference as though fully set forth herein.

117. Defendants aided and abetted the breach of Ellen and Margaret Cotters' duties of due care in each of the following ways:

a) Defendants Kane, Adams, McEachern, Gould and Tompkins conspired with and supported Ellen and Margaret Cotter to terminate James Cotter, Jr. as CEO and President of RDI on June 12, 2015 without following any proper process, deliberation or evaluation of his performance and instead terminating him simply because he refused to accept the "take-it-or-leave-it" settlement demand made by Ellen and Margaret Cotter in the Trust and Estate Litigation;

b) Defendants Kane, Adams, McEachern, Gould ,Codding, Wrotniak and Tompkins recognized Ellen Cotter's and Margaret Cotter's vote of 327,808 shares of Class B stock at the 2015 ASM, despite the fact that the books and records of RDI identified the record owner of those shares was James J. Cotter, Sr.;

/ / /

c) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins recognized Ellen and Margaret Cotter's vote of 686,080 shares of Class B stock at the 2015 ASM, despite the fact that said shares were listed on the book and records of RDI as owned by the Trust, and the matter of who the trustee(s) are for the Trust has not yet been adjudicated in the California Lawsuit;

d) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins approved Ellen Cotter's exercise of her father's stock option for 100,000 Class B shares, when that option expired 90 days after his resignation of employment with RDI;

e) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins recognized Ellen Cotter's vote of those 100,000 Class B shares at the 2015 ASM;

f) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins abandoned the Korn Ferry CEO search after paying that executive search firm hundreds of thousands of dollars and instead appointing Ellen Cotter as the permanent CEO without receiving any advice or recommendation from Korn Ferry regarding the most qualified CEO candidate(s);

g) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins approved the payment of significant funds by RDI to pay for the financial obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton Hill properties;

h) Defendants Kane, Adams, McEachern, Codding, Gould, Wrotniak and Tompkins failed to require repayment or interest on a $2,910,000 loan by RDI to Sutton Hill Properties;

i) Defendants Kane, Adams, McEachern, Codding, Gould, Wrotniak and Tompkins approved payments by RDI to Sutton Hill Capital simply to assist that entity (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a $13,000,000 capital gain;

j) Defendants Kane, Adams, McEachern, Codding, Gould, Wrotniak and Tompkins forced Tim Storey to resign because he did not provide unqualified support of Ellen and Margaret Cotter's decisions to fire James Cotter, Jr, the delegation of authority to the Executive Committee, or Ellen's exercise of her father's stock option to acquire 100,000 Class B shares prior to the ASM to obtain voting control of the company.

118. Defendants aided and abetted Ellen and Margaret Cotters' breaches of their duty of loyalty in each of the following ways:

a) Craig Tompkins advised Ellen and Margaret Cotter not to timely file Schedule 13D's with the SEC disclosing that they were a 13D group that shared voting power over the shares held by the Estate and Trust until after the record date for the ASM has expired;

b) Craig Tompkins advised Ellen and Margaret Cotter not to timely file Form 4's with the SEC disclosing they had exercised options to acquire Class B shares in a cashless exercise until after the record date for the 2015 ASM has expired;

c) Tompkins, Codding, Wrotniak, Adams, Kane, Gould and McEachern abandoned the Korn Ferry CEO search after paying that executive search firm hundreds of thousands of dollars and instead appointing Ellen Cotter as the permanent CEO without receiving any advice or recommendation from Korn Ferry regarding the most qualified CEO candidate(s);

d) Tompkins, Codding, Wrotniak, Adams, Kane, Gould and McEachern for approved the payment of significant funds by RDI to pay for the financial obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton Hill properties;

e) Tompkins, Codding, Wrotniak, Adams, Kane, Gould and McEachern for failure to require repayment or interest on a $2,910,000 loan by RDI to Sutton Hill Properties;

/ / /

f) Tompkins, Codding, Wrotniak, Adams, Kane, Gould and McEachern approved payments by RDI to Sutton Hill Capital simply to assist that entity (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a $13,000,000 capital gain;

119. Defendants Tompkins, Codding, Wrotniak, Kane, Adams, Gould and McEachern acted with knowledge of the fiduciary duties of each of the other Director Defendants. Defendants acted with knowledge of the manner in which those fiduciary duties were breached, and aided and abetted and continue to aid and abet said breaches. Accordingly, Defendants are liable for aiding and abetting those fiduciary breaches.

120. As a direct and proximate result of the acts and omissions of said Defendants as described herein, the Company and its shareholders have suffered damages in excess of $50,000.

121. Plaintiffs cannot ascertain at this time the full nature, extent or amount of damages suffered by virtue of the acts alleged herein. Plaintiffs will amend this complaint to set forth such damages when they are ascertained according to proof at the time of trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on his own behalf, and derivatively on behalf of RDI, prays for judgment as follows:

A. An award of monetary damages to Plaintiff, on behalf of RDI, against all Director Defendants and in favor of the Company for the amount of damages sustained by RDI as a result of the Defendants' breaches of fiduciary duties, together with prejudgment interest thereon, in an amount to be proven at trial;

B. Equitable and injunctive relief, including but not limited to:

i) an order reinstating James J. Cotter, Jr. as the President and CEO of RDI;

ii) an order determining that the voting of the 327,808, 686,808 and 100,000 shares of Class B stock at the 2015 ASM by Ellen and Margaret Cotter was fraudulent and to set aside those election results and order a new election to occur;

ii) an order setting aside the vote at the 2015 ASM electing directors on the basis of fraud by Ellen and Margaret Cotter voting 70.4% of the Class B stock;

C. For attorney's fees and costs of suit herein; and

D. For such other and further relief as the Court may deem just and proper.

DATED this 12th day of February, 2016.

ROBERTSON & ASSOCIATES, LLP

By: / s / Alexander Robertson, IV
ALEXANDER ROBERTSON, IV

Alexander Robertson, IV (Nevada Bar No. 8642)
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Westlake Village, CA 91361
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Attorneys for Plaintiffs and Intervenors, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company;

Derivatively On Behalf of Reading International, Inc.

CERTIFICATE OF SERVICE

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 12th day of February, 2016, I served a true and correct copy of **T2 PLAINTIFFS' FIRST AMENDED COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

PLEASE SEE THE E-SERVICE MASTER LIST

I declare under penalty of perjury that the foregoing is true and correct.

/ s / Ann Russo

An employee of ROBERTSON & ASSOCIATES, LLP

Tab 11

DEF 14A 1 rdi-20160518xdef14a.htm DEF 14A

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☑
Filed by a party other than the Registrant ☐

Check the appropriate box:
- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☑ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, 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)(1) and 0-11
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (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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READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON Thursday, June 2, 2016

TO THE STOCKHOLDERS:

The 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Thursday, June 2, 2016, at 11:00 a.m., Local Time, for the following purposes**:**

1. To elect nine Directors to serve until the Company's 2017 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified; and

2. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on April 22, 2016, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

Whether or not you plan on attending the Annual Meeting, we ask that you take the time to vote by following the Internet or telephone voting instructions provided on the proxy card or by completing and mailing the enclosed proxy card as promptly as possible. We have enclosed a self-addressed, postage-paid envelope for your convenience. If you later decide to attend the Annual Meeting, you may vote your shares even if you have already submitted a proxy card.

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

May 19, 2016

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

PROXY STATEMENT

Annual Meeting of Stockholders
Thursday, June 2, 2016

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2016 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, June 2, 2016, at 11:00 a.m., local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about May 19, 2016.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2017 Annual Meeting of Stockholders, and (2) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 22, 2016, the record date for the Annual Meeting (the "Record Date"), there were 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock") outstanding.

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

This Proxy Statement is being sent to all of our stockholders of record as of the close of business on April 22, 2016, by Reading's Board to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2016 Annual Meeting, which will be held on Thursday, June 2, 2016, at 11:00 a.m. local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230.

What items of business will be voted on at the Annual Meeting?

There is one item of business scheduled to be voted on at the 2016 Annual Meeting:

- PROPOSAL 1: Election of nine Directors to the Board.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.

How does the Board of Directors recommend that I vote?

Our Board recommends that you vote:

- On PROPOSAL 1: "FOR" the election of its nominees to the Board.

What happens if additional matters are presented at the Annual Meeting?

Other than the item of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

Am I eligible to vote?

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on April 22, 2016. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,590 shares of Class B Stock outstanding, and approximately 350 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What if I own Class A Nonvoting Common Stock?

If you do not own any Class B Stock, then you have received this Proxy Statement only for your information. You and other holders of our Class A Nonvoting Common Stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

What should I do if I receive more than one copy of the proxy materials?

You may receive more than one copy of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one copy of this Proxy Statement or more than one proxy card.

To vote all of your shares of Class B Stock by proxy card, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or by telephone the shares represented by each notice that you receive.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many stockholders of our Company hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences in how stockholders of record and beneficial owners are treated.

Stockholders of Record. If your shares of Class B Stock are registered directly in your name with our Transfer Agent, you are considered the stockholder of record with respect to those shares and the proxy materials are being sent directly to you by Reading. As the stockholder of record of Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

Beneficial Owner. If you hold your shares of Class B Stock through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name and the proxy materials are being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting, unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the Annual Meeting the opportunity to vote their shares, whether or not they attend the Annual Meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of record of our Class B Stock may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).

- By Telephone — Holders of record of our Class B Stock who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of record of our Class B Stock will need to have the control number that appears on their proxy card available when voting. In addition, holders of our Class B Stock who are beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).

- By Mail — Holders of record of our Class B Stock who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received by the Inspector of Elections before the polls are closed at the Annual Meeting.

- In Person — Holders of record of our Class B Stock may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proxy designating that person. Shares of Class B Stock for which a stockholder is the beneficial owner, but not the stockholder of record, may be voted in person at the Annual Meeting only if such stockholder obtains a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial owner as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

Holders of our Class B Stock are encouraged to vote their proxies by Internet, telephone or by completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is timely received by the Inspector of Elections will be counted, and each previous vote will be disregarded. If you vote in person at the Annual Meeting, you will revoke any prior proxy that you may have given. You will need to bring a valid form of identification (such as a driver's license or passport) to the Annual Meeting to vote shares held of record by you in person.

What if my shares are held of record by an entity such as a corporation, limited liability company, general partnership, limited partnership or trust (an "Entity"), or in the name of more than one person, or I am voting in a representative or fiduciary capacity?

Shares held of record by an Entity. In order to vote shares on behalf of an Entity, you need to provide evidence (such as a sealed resolution) of your authority to vote such shares, unless you are listed as a record holder of such shares.

Shares held of record by a trust. The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

Shares held of record in the name of more than one person. If only one individual votes, that individual's vote applies to all of the shares so held of record. If more than one person votes, the votes of the majority of the voting individuals apply to all of such shares. If more than one individual votes and the votes are split evenly on any particular Proposal, each individual may vote such shares proportionally.

What is a broker non-vote?

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of Directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of Directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

What routine matters will be voted on at the annual meeting?

None.

What non-routine matters will be voted on at the annual meeting?

The election of nine Directors to the Board is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2016 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

How can I change my vote after I submit a proxy?

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., postage or other delivery charges pre-paid, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, c/o Annual Meeting Secretary, stating that you revoke your proxy. To be effective, the Inspector of Elections must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How do I vote?" Any earlier proxies will be revoked automatically.
- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

How will you solicit proxies and who will pay the costs?

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

Is there a list of stockholders entitled to vote at the Annual Meeting?

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, at our corporate offices, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045 between the hours of 9:00 a.m. and 5:00 p.m., local time, for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

What constitutes a quorum?

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

How are votes counted and who will certify the results?

First Coast Results, Inc. will act as the independent Inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

What is the vote required for a Proposal to pass?

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Directors named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each of the candidates for whom you would like to vote. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Only votes "FOR" Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions; votes withheld and broker non-votes will not be counted for voting purposes.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

How will the Annual Meeting be conducted?

In accordance with our Bylaws, Ellen M. Cotter, as the Chair of the Board, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by the Board to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the

Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chair, (2) our Board, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

CORPORATE GOVERNANCE

Director Leadership Structure

Ellen M. Cotter is our current Chair, President and Chief Executive Officer. Ellen M. Cotter has been with our Company for more than 18 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US $15.5 million to US $132.9 million. Historically, we have combined the roles of the Chair and the Chief Executive Officer, except for the period from August 2014 until June 12, 2015, when the roles of Chair and Chief Executive Officer were held by two executives of the Company following the resignation for health reasons of our founder, James J. Cotter, Sr. At the present time, we believe that the combined roles (i) allow for consistent leadership, (ii) continue the tradition of having a Chair and Chief Executive Officer, who is also a controlling stockholder of the Company, and also (iii) reflect our status as a "controlled company" under relevant NASDAQ Listing Rules

Margaret Cotter is our current Vice-Chair and she also serves as our Executive Vice President – Real Estate Management and Development - NYC. Margaret Cotter has been responsible for the operation of our live theaters for more than 17 years and has for more than the past five years been actively involved in the re-development of our New York properties. On March 10, 2016, our Board appointed Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen M. Cotter and Margaret Cotter are the Co-Executors of their father's (James J. Cotter, Sr.) estate (the "Cotter Estate") and Co-Trustees of a trust (the "Cotter Trust") established for the benefit of his heirs. Together, they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen M. Cotter and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

James Cotter, Jr. alleges that he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for Directors at the Annual Meeting.

The Company has elected to take the "controlled company" exemption under applicable listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board composed of at least a majority of

independent directors, as that term is defined in the NASDAQ Listing Rules ("Independent Directors"). We are nevertheless nominating a majority of Independent Directors for election to our Board. We currently have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee ("Compensation Committee") composed entirely of Independent Directors. We currently have a four member Executive Committee composed of our Chair and Vice-Chair and Messrs. Guy W. Adams and Edward L. Kane. Due to this structure, the concurrence of at least one non-management member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. A majority of our Board is independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the Lead Independent Director among our Independent Directors ("Lead Independent Director"). In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chair, President and Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee and the Compensation Committee, each of which has a separate independent Chair. Nominations to our Board for the Annual Meeting were made by our entire Board, consisting of a majority of Independent Directors.

Since our last Annual Meeting of Stockholders, we have (i) adopted a best practices Charter for our Compensation Committee, (ii) adopted a new best practices Charter for our Audit Committee, and (iii) completed, with the assistance of compensation consultants Willis Towers Watson and outside counsel Greenberg Traurig, LLP, a complete review of our compensation practices, in order to bring them into alignment with current best practices. Immediately prior to our last Annual Meeting we adopted a new supplemental policy restricting trading in our stock by our Directors and executive officers.

Management Succession

On August 7, 2014, James J. Cotter, Sr., our then controlling stockholder, Chair and Chief Executive Officer, resigned from all positions at our Company, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chair, Margaret Cotter, her sister, was appointed Vice Chair and James Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board established an Executive Search Committee (the "Search Committee") initially composed of Ellen M. Cotter, Margaret Cotter, and Independent Directors William Gould and Douglas McEachern, and retained Korn Ferry to evaluate candidates for the Chief Executive Officer position. Ellen M. Cotter resigned from the Search Committee when she concluded that she was a serious candidate for the position. Korn Ferry screened over 200 candidates and ultimately presented six external candidates to the Search Committee. The Search Committee evaluated those external candidates and Ellen M. Cotter in meetings in December 2015 and January 2016, considering numerous factors, including, among others, the benefits of having a President and Chief Executive Officer who has the confidence of the existing senior management team, Ms. Cotter's prior performance as an executive of the Company and her performance as the interim President and Chief Executive Officer of the Company, the qualifications, experience and compensation demands of the external candidates, and the benefits and detriments of having a Chair, President and Chief Executive Officer who is also a controlling stockholder of the Company. The Search Committee recommended the appointment of Ellen M. Cotter as permanent President and Chief Executive Officer and the Board appointed her on January 8, 2016, with seven Directors voting yes, one Director (James Cotter, Jr.) voting no, and Ellen M. Cotter abstaining.

Board's Role in Risk Oversight

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee and the Compensation Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

"Controlled Company" Status

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of Directors is held by an individual, a group or another company. Together, Ellen M. Cotter and Margaret Cotter beneficially own 1,208,988 shares or 71.9% of our Class B Stock. Our Class A Stock does not have voting rights. Based on advice of counsel, our Board has determined that the Company is therefore a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exemptions to certain corporate governance rules available to a "controlled company" as set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of those exemptions. In reliance on a "controlled company" exemption, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board composed of a majority of Independent Directors and a fully independent Audit Committee, and has no present intention to vary from that structure. Our Board, consisting of a majority of Independent Directors, approved the nominees for our 2016 Annual Meeting. See "*Consideration and Selection of the Board's Director Nominees*," below. Each of the nominees, in each case the nominee abstaining from the vote, was approved by at least a majority of our Directors.

Board Committees

Our Board has a standing Executive Committee, Audit Committee, and Compensation Committee. The Tax Oversight Committee has been inactive since November 2, 2015 in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was approved on May 5, 2016. These committees, other than the Tax Oversight Committee, are discussed in greater detail below.

Executive Committee. The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently composed of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held six meetings during 2015.

Audit Committee. The Audit Committee operates pursuant to a Charter adopted by our Board that is available on our website at http://www.readingrdi.com/Committee-Charters. The Audit Committee reviews, considers, negotiates and approves or disapproves related party transactions (see the discussion in the section entitled "*Certain Relationships and Related Party Transactions*" below). In addition, the Audit Committee is responsible for, among other things, (i) reviewing and discussing with management the Company's financial statements, earnings press releases and all internal controls reports, (ii) appointing, compensating and overseeing the work performed by the Company's independent auditors, and (iii) reviewing with the independent auditors the findings of their audits.

Our Board has determined that the Audit Committee is composed entirely of Independent Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently composed of Mr. McEachern, who serves as Chair, Mr. Kane and Mr. Wrotniak. Mr. Timothy Storey, who served on our Board through October 11, 2015, served on our Audit Committee through the same date. The Audit Committee held four meetings during 2015.

Compensation Committee. Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors, and is currently composed of Mr. Kane, who serves as Chair, Dr. Codding and Mr. McEachern. Mr. Storey served on our Compensation Committee through October 11, 2015 and Mr. Adams served

through May 14, 2016. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by Independent Directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules and regulations of the SEC and the NASDAQ Stock Market. As a part of the transition to this new compensation committee structure, the compensation for 2016 of the President, Chief Executive Officer, all Executive Vice Presidents, and all Managing Directors was reviewed and approved by the Board at that March 10, 2016 meeting.

The Compensation Committee charter is available on our website at http://www.readingrdi.com/charter-of-our-compensation-stock-options-committee/. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer. Under its new Charter, the Compensation Committee has delegated authority to establish the compensation for all executive officers other than the President and Chief Executive Officer; provided that compensation decisions related to members of the Cotter Family remain vested in the full Board. In addition, the Compensation Committee establishes the Company's general compensation philosophy and objectives (in consultation with management), approves and adopts on behalf of the Board incentive compensation and equity-based compensation plans, subject to stockholder approval as required, and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2015.

Consideration and Selection of the Board's Director Nominees

The Company has elected to take the "Controlled Company" exemption under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved the Board nominees for our 2016 Annual Meeting.

Our Board does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No non-Director stockholder has, in more than the past ten years, made any formal proposal or recommendation to the Board as to potential nominees. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Listing Rules and exempted from the requirements for an independent nominating process, and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board believes there is no need for a formal policy with respect to Director nominations.

Our Board will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is sent to stockholders, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved more than 30 days from the anniversary of the 2016 Annual Meeting. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board.

Our Directors have not adopted any formal criteria with respect to the qualifications required to be a Director or the particular skills that should be represented on our Board, other than the need to have at least one Director and member of our Audit Committee who qualifies as an "audit committee financial expert," and have not historically retained any third party to identify or evaluate or to assist in identifying or evaluating potential nominees. We have no policy of considering diversity in identifying Director nominees.

Our Board oversees risk by remaining well-informed through regular meetings with management and our Chair's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Chair, President and Chief Executive Officer chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board is enhanced by the fact that our Audit Committee is comprised entirely of Independent Directors.

We encourage, but do not require, our Board members to attend our Annual Meeting. All of our nine then-incumbent Directors attended last year's annual meeting.

Following a review of the experience and overall qualifications of the Director candidates, our Board resolved to nominate, each of the incumbent Directors named in Proposal 1 for election as Directors of the Company at our 2016 Annual Meeting.

The Board, in reaching the decision to nominate Mr. James Cotter, Jr. for re-election to the Board, took a number of factors into consideration. Without attempting to place any particular priority on any particular consideration, the Board considered Mr. Cotter Jr.'s pending litigation against certain of the other Directors; his pending arbitration proceedings with the Company related to his prior termination as the President and Chief Executive Officer of our Company; his litigation against the Company seeking reimbursement and future advancement of his legal fees and expenses incurred in such arbitration proceedings; the Board's June 2015 determination to terminate Mr. Cotter, Jr. as our Company's President and Chief Executive Officer; the potential that this personal action and legal proceedings have and will likely continue to cause dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; the fact that, depending on the ultimate resolution of certain litigation as to the terms of the Cotter Trust, Mr. Cotter, Jr. could periodically or ultimately hold voting control over our Company, and the fact that Ellen M. Cotter and Margaret Cotter had notified the Board that, as the beneficial owners of over 70% of the voting power of our Company, they supported Mr. Cotter Jr.'s ongoing participation on the Board. After considering these factors, the Board nominated Mr. Cotter, Jr. to serve another term as a Director of the Company.

Each of the nominees received at least seven (7) Yes votes, with each such nominee abstaining as to his or her nomination. Director Cotter, Jr. abstained with respect to the nomination of each of the nominees other than Ellen M. Cotter and Margaret Cotter, and voted Yes for Ellen M. Cotter and Margaret Cotter. Director Adams voted No with respect to the nomination of James Cotter, Jr.

Code of Ethics

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website at http://www.readingrdi.com/Governance-Documents.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy," which is posted on our website, at http://www.readingrdi.com/Governance-Documents, that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee adopted a written charter for approval of transactions between the Company and its Directors, Director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this charter is available at www.readingrdi.com under the "Investor Relations" caption. For additional information, see the section entitled "*Certain Relationships and Related Party Transactions*."

Material Legal Proceedings

On June 12, 2015, the Board terminated James Cotter, Jr. as the President and Chief Executive Officer of our Company. That same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." Case No,: A-15-719860-V, Dept. XI (the "Cotter Jr. Derivative Action" and the "Cotter, Jr. Complaint," respectively) against the Company and each of our other then sitting Directors (Ellen M. Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Tim Storey, the "Original Defendant Directors") in the Eighth Judicial District Court of the State of Nevada for Clark County (the "Nevada District Court"). On October 22, 2015, Mr. Cotter, Jr., amended his complaint to drop his individual claims (the "Amended Cotter Jr. Derivative Complaint"). Accordingly, the Amended Cotter, Jr. Complaint presently purports to assert only purportedly derivative claims and to seek remedies

only on behalf of the Company. The lawsuit currently alleges, among other things, that the Original Defendant Directors breached their fiduciary duties to the Company by terminating Mr. Cotter, Jr. as President and Chief Executive Officer, continuing to make use of the Executive Committee that has been in place for more than the past ten years, making allegedly potentially misleading statements in its press releases and filings with the Securities and Exchange Commission ("SEC"), paying certain compensation to Ms. Ellen M. Cotter, and allowing the Cotter Estate to make use of Class A Common Stock to pay for the exercise of certain long outstanding stock options held of record by the Cotter Estate. He seeks reinstatement as President and Chief Executive Officer and alleges as damages fluctuations in the price for our Company's shares after the announcement of his termination as President and Chief Executive Officer and certain unspecified damages to our Company's reputation.

In a derivative action, the stockholder plaintiff seeks damages or other relief for the benefit of the Company, and not for the stockholder plaintiff's individual benefit. Accordingly, the Company is, at least in theory, only a nominal defendant in such a derivative action. However, as a practical matter, because Mr. Cotter, Jr. is also seeking, among other things, an order that our Board's determination to terminate Mr. Cotter Jr. was ineffective and that he should be reinstated as the President and Chief Executive Officer of the Company and also that our Board's Executive Committee be disbanded (an injunctive remedy that, if granted, would be binding on the Company), and as he asserts potentially misleading statements in certain press releases and filings with the SEC, the Company is incurring significant cost and expense defending the decision to terminate Mr. Cotter, Jr. as President and Chief Executive Officer, its Board committee structure, and the adequacy of those press releases and filings. Also, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Original Defendant Directors.

Our Directors and Officers Insurance liability insurer is providing insurance coverage, subject to a $500,000 deductible (which has now been exhausted) and its standard reservation of rights, with respect to the defense of the Original Director Defendants. Our new Directors, Dr. Judy Codding and Mr. Michael Wrotniak, are not named in the Cotter Jr. Derivative Action as they were not Directors at the time of the breaches of fiduciary duty alleged by Mr. Cotter, Jr.

Pursuant to the terms of Mr. Cotter Jr.'s employment agreement with the Company, disputes relating to his employment are to be arbitrated. Accordingly, on July 14, 2015, the Company filed an arbitration demand with the American Arbitration Association against Mr. Cotter, Jr. The demand seeks declaratory relief, among other things, that Mr. Cotter, Jr.'s employment and employment agreement with the Company have been validly terminated and that the Board validly removed him from his positions as President and Chief Executive Officer of the Company and positions with the Company's subsidiaries.

Mr. Cotter, Jr. has filed a counter-complaint in the arbitration, asserting claims for breach of his employment contract, declaratory relief, and contractual indemnification. Mr. Cotter, Jr.'s counsel has advised that Mr. Cotter is seeking a variety of damages, including consequential damages, and that such claimed damages total no less than $1,000,000. On April 19, 2016, Mr. Cotter, Jr. filed an action in the District Court, Clark County, Nevada seeking to recover his costs of defending the Arbitration, plus compensatory damages and interest at the maximum legal rate. The Company intends to vigorously defend these claims.

On August 6, 2015, the Company received notice that a Motion to Intervene in the Cotter Jr. Derivative Action and that a proposed derivative complaint had been filed in the Nevada District Court captioned T2 Partners Management, LP, a Delaware limited partnership, doing business as Kase Capital Management; T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company; and Pacific Capital Management, LLC, a Delaware limited liability company, derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen M. Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a Nevada corporation, as Nominal Defendant (the "T2 Derivative Action"). On August 11, 2015, the Court granted the motion of T2 Partners Management, LP et. al. (the "T2 Plaintiffs"), allowing these plaintiffs to file their complaint (the "T2 Derivative Complaint").

On September 9, 2015, certain of the Original Defendant Directors filed a Motion to Dismiss the T2 Derivative Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Derivative Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the Complaint. On February 12, 2016, the T2 Plaintiffs filed an amended T2 Derivative Complaint (the "Amended T2 Derivative Complaint").

The T2 Plaintiffs allege in their Amended T2 Derivative Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the Amended T2 Complaint Director Defendants (as such term is defined below). More specifically the Amended T2 Derivative Complaint seeks certain monetary damages, as well as equitable injunctive relief, attorney fees and costs of suit. Once again, the Company has been named as a nominal defendant. However, because the Amended T2 Derivative Complaint also seeks the reinstatement of Mr. Cotter, Jr., as our President and CEO, it is being defended by the Company. In addition, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Amended T2 Complaint Director Defendants. The defendants in the Amended T2 Complaint are the same as named in the Cotter Jr. Derivative Action as well as our two new Directors, Dr. Judy Codding and Michael Wrotniak, and Company legal counsel, Craig Tompkins. Mr. Storey was not named as a defendant in the Amended T2 Complaint. The cost of the defense of Directors Codding and Wrotniak is likewise being covered by our Directors and Officers Liability Insurance carrier with the same reservations of right as in the Cotter Jr. Derivative Action, but without any separate deductible. The coverage under our Directors and Officers Liability Insurance of the cost of the defense of Mr. Tompkins is being reviewed by the insurer and is currently being covered by the Company under its indemnity agreement with him. The Directors named in the T2 Derivative Complaint are referred to herein as the "Amended T2 Complaint Director Defendants" and the Directors named in the Amended Cotter, Jr. Derivative Complaint are referred to herein as the Amended Cotter Jr. Complaint Director Defendants.

The Amended T2 Derivative Complaint has deleted its request for an order disbanding our Executive Committee and an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint has added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen M. Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held by the Cotter Estate and the Cotter Trust. The Company and the other defendants contest the allegations of the T2 Plaintiffs. The Company followed applicable Nevada law in recognizing that Ellen M. Cotter and Margaret Cotter had the legal right and power to vote the shares of Class B Common Stock held of record by the Cotter Estate and the Cotter Trust, and the independent Inspector of Elections has certified the results of that election. Furthermore, even if the election results were to be overturned or voided, this would have no impact on the current composition of our Board, as all of the nominees were standing for re-election and accordingly retain their directorships until their replacements are elected. The Company will vigorously contest any assertions by the T2 Plaintiffs challenging the voting at the 2015 Annual Meeting of Stockholders and believes that the court will rule for the Company should this issue ever reach the court. The case is currently set for trial in November, 2016.

On May 2, 2016, the T2 Plaintiffs filed a petition on order shortening time seeking a preliminary injunction (1) enjoining the Inspector of Elections from counting any proxies purporting to vote either the 327,808 Class B shares represented by stock certificate B0005 (held of record by the Cotter Estate) or the 696,080 Class B shares represented by stock certificate RDIB 0028 (held of record by the Cotter Trust) at the upcoming June 2, 2016 Annual Meeting, and (2) enjoining Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. from voting the above referenced shares at the 2016 Annual Meeting. The Company believes that the above referenced shares are currently held of record by the Cotter Estate and the Cotter Trust, and that such shares can be voted by the Co-Executors of the Cotter Estate and the Trustees of the Cotter Trust, as applicable.

The Company believes that the claims set forth in the Amended Cotter Jr. Derivative Complaint and the Amended T2 Derivative Complaint are entirely without merit and seek equitable remedies for which no relief can be given. The Company intends to defend vigorously against our Directors and Officers and against any attempt to reinstate Mr. Cotter, Jr. as President and Chief Executive Officer or to effect any changes in the rights of our Company's stockholders. Mr. Storey has been dismissed by stipulation as a defendant in the James Cotter Jr. Derivative Action.

On May 13, 2016, Directors Adams, Codding, Ellen M. Cotter, Margaret Cotter, Kane, McEachern and Wrotniak filed a motion in the T2 Derivative Action to disqualify the T2 Plaintiffs on the grounds that at least one of the T2 Plaintiffs had engaged in trading in our Company's Class A Common Stock after production by the Company and the

Amended T2 Complaint Director Defendants of confidential information in the discovery process.

PROPOSAL 1: Election of Directors

Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2017 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board. The nominees named have consented to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
Ellen M. Cotter.....	50	Chair of the Board and Chief Executive Officer and President [1]
Guy W. Adams.....	65	Director [1]
Judy Codding.....	71	Director [2]
James Cotter, Jr.	46	Director [3]
Margaret Cotter.....	48	Vice Chair of the Board and Executive Vice President-Real Estate Management and Development-NYC (1)
William D. Gould.....	77	Director [4]
Edward L. Kane.....	78	Director [1] [2] [3] [5]
Douglas J. McEachern.....	64	Director [2][5]
Michael Wrotniak.....	49	Director [5]

(1) Member of the Executive Committee.
(2) Member of the Compensation and Stock Options Committee.
(3) Member of the Tax Oversight Committee. This committee has been inactive since November 2, 2015, in anticipation that its functions would move to the Audit Committee under its new charter. That new charter was approved on May 5, 2016.
(4) Lead Independent Director.
(5) Member of the Audit and Conflicts Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of our Board since March 13, 2013, and currently serves as a member of our Executive Committee. Ms. Cotter was appointed Chair of our Board on August 7, 2014 and served as our interim President and Chief Executive Officer from June 12, 2015 until January 8, 2016, when she was appointed our permanent President and Chief Executive Officer. She joined the Company in March 1998. Ms. Cotter is a graduate of Smith College and holds a Juris Doctor from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in New York City. Ms. Cotter is the sister of Margaret Cotter and James Cotter, Jr. For more than the past ten years, Ms. Cotter served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she had, among other things, responsibility for the acquisition and development, marketing and operation of our cinemas in the United States. Prior to her appointment as COO of Domestic Cinemas, she spent a year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to our Board her 18 years of experience working in our Company's cinema operations in the United States, Australia and New Zealand. She has also served as the Chief Executive Officer of Reading's subsidiary,

Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,765 shares of Class A Stock and 50,000 shares of Class B Stock, and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at the 2015 Gotham Independent Film Awards. She was also inducted that same year into the ShowEast Hall of Fame.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014, currently serves as the chair of our Executive Committee, and until May 14, 2016, served as a member of our Compensation Committee. For more than the past ten years, he has been a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Over the past fifteen years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. At these companies, he has held a variety of board positions, including lead director, audit committee chair, and compensation committee chair. He has spoken on corporate governance topics before such groups as the Council of Institutional Investors, the USC Corporate Governance Summit and the University of Delaware Distinguished Speakers Program. Mr. Adams provides investment advice to private clients and currently invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and continues to provide professional advisory services to various enterprises now owned by either the Cotter Estate or the Cotter Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

Dr. Judy Codding. Dr. Judy Codding has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Codding is a globally respected education leader. From October 2010 until October 2015 she served as the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE: PSO), the largest education company in the world that provides education products and services to institutions, governments, and direct to individual learners. Prior to that time, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998, and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading education company offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate in Education from University of Massachusetts at Amherst, and completed postdoctoral work and served as a teaching associate in Education at Harvard University where she taught graduate level courses focused on moral leadership. Dr. Codding has served on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012. Through family entities, Dr. Codding has been and continues to be involved in the real estate business, through the ownership of hotels, shopping centers and buildings in Florida and the exploration of mineral, oil and gas rights in Maryland and Kentucky.

Dr. Codding brings to our Board her experience as an entrepreneur, as an author, advisor and researcher in the areas of leadership training and decision-making as well as her experience in the real estate business.

James Cotter, Jr. James Cotter, Jr. has been a Director of our Company since March 21, 2002, and served as a member of our Tax Oversight Committee. The Tax Oversight Committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was adopted on May 5, 2016. Mr. Cotter, Jr. served as our Vice Chair from June 2007 until August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015, and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He is currently the lead director of Cecelia Packing Corporation (a Cotter family−owned citrus grower, packer and marketer) and served as the Chief Executive Officer of that company from July 2004 until 2013. Mr. Cotter, Jr. served as a Director of Cecelia Packing Corporation from February 1996 to September 1997, and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn (and its predecessor), specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. has advised the Company that he is a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing 41.4% of such Class B Stock). The Company understands that Mr. Cotter's status as a trustee of the Cotter Trust is disputed by his sisters, Ellen M. Cotter and Margaret Cotter.

James Cotter, Jr. brings to our Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 770,186 shares of our Company's Class A Common Stock and his position as Co-Trustee of the Cotter Trust, Mr. Cotter, Jr. is a significant stakeholder in our Company. Further, depending on the outcome of ongoing Trust Litigation, in the future Mr. Cotter, Jr. may be a controlling stockholder in the Company.

Margaret Cotter. Margaret Cotter has been a Director of our Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chair of our Board and currently serves as a member of our Executive Committee. On March 10, 2016, our Board appointed Ms. Cotter as Executive Vice President-Real Estate Management and Development-NYC. In this position, Ms. Cotter is responsible for the management of our live theater properties and operations, including oversight of the re-development of our Union Square and Cinemas 1, 2, 3 properties. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which, from 2002 until her appointment as Executive Vice President-Real Estate Management and Development-NYC, managed our live-theater operations under a management agreement. Pursuant to the OBI management agreement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. The OBI management agreement was terminated with Ms. Cotter's appointment as Executive Vice President-Real Estate Management and Development-NYC. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and is a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theater community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 17 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004, and currently serves as our Lead Independent Director. Mr. Gould has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees payable to Mr. Gould's law firm for calendar year 2015 were $61,000.84.

Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions. Mr. Gould brings to our Board more than fifty years of experience as a corporate lawyer and advisor focusing on corporate governance, mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the chair of our Compensation Committee, and served as chair of our Tax Oversight Committee. That committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. The new charter for the Audit Committee was approved on May 5, 2016. He also serves as a member of our Executive Committee and our Audit Committee. Mr. Kane practiced as a tax attorney for many years in San Diego, California. Since 1996, Mr. Kane has acted as a consultant and advisor to the health care industry, serving as the President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. During the 1990s, Mr. Kane also served as the Chair and Chief Executive Officer of ASMG Outpatient Surgical Centers in southern California, and he served as a director of BDI Investment Corp., which was a regulated investment company based in San Diego. For over a decade, he was the Chair of Kane Miller Books, an award-winning publisher of children's books. At various times during the past three decades, Mr. Kane has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

In addition to his varied business experience, Mr. Kane brings to our Board his many years as a tax attorney and law professor. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company,

two of our corporate predecessors, as well as his experience as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a Director of our Company since May 17, 2012 and chair of our Audit Committee since August 1, 2012 and serves as a member of our Compensation Committee since May 14, 2016. He has served as a member of the board and of the audit and compensation committee for Willdan Group, a NASDAQ listed engineering company, since 2009. From June 2011 until October 2015, Mr. McEachern was a director of Community Bank in Pasadena, California and a member of its audit committee. Mr. McEachern served as the chair of the board of Community Bank from October 2013 until October 2015. He also is a member of the finance committee of the Methodist Hospital of Arcadia. From September 2009 to December 2015, Mr. McEachern served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to our Board his more than 38 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Michael Wrotniak. Michael Wrotniak has been a Director of our Company since October 12, 2015, and has served as a member of our Audit Committee since October 25, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past six years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S. in Business Administration (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to our Board his considerable experience in international business, including foreign exchange risk mitigation.

Please see footnote 12 of the Beneficial Ownership of Securities table for information regarding the election of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to the Board.

Attendance at Board and Committee Meetings

During the year ended December 31, 2015, our Board met 13 times. The Audit Committee held four meetings, the Compensation Committee held three meetings, and the Tax Oversight Committee held one meeting. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

Indemnity Agreements

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

Compensation of Directors

During 2015, we paid our non-employee Directors $50,000 per year. We paid the Chair of our Audit Committee an additional $7,000 per year, the Chair of our Compensation Committee an additional $5,000 per year, the Chair of our Tax Oversight Committee an additional $18,000 per year and the Lead Independent Director an additional $5,000 per year.

In 2015, we also paid an additional one-time fee of $25,000 to each of Messrs. Adams, Gould, McEachern and Kane, and an additional one-time fee of $75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

In March 2016, the Board approved additional special compensation to be paid for extraordinary services to the Company and devotion of time in providing such services, as follows:

Guy W. Adams:	$50,000
Edward L. Kane:	$10,000
Douglas J. McEachern:	$10,000

Some portion of such additional special compensation was for services rendered during 2015.

Upon joining our Board, new Directors historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. However, this process was discontinued in 2015, and Directors Codding and Wrotniak did not receive such grants. In January, 2015 and January, 2016, each of our then non-employee Directors received an annual grant of stock options to purchase 2,000 shares of our Class A Stock. The options awarded have a term of five years, an exercise price equal to the market price of Class A Stock on the grant date and were fully vested immediately upon grant. As discussed below, our outside director compensation was changed for the remainder of 2016 and the years thereafter. See "*2016 and Future Director Compensation*," below.

Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non−employee Directors during 2015 for their services as Directors.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($) (1)	All Other Compensation ($)	Total ($)
Judy Codding	11,957	0	0	11,957
Margaret Cotter [(2)]	35,000	7,656	0	42,656
Guy W. Adams	75,000	7,656	0	82,656
William D. Gould	80,000	7,656	0	87,656
Edward L. Kane	98,000	7,656	0	105,656
Douglas J. McEachern	82,000	7,656	0	89,656
Tim Storey [(3)]	112,500	7,656	21,136[(4)]	140,292
Michael Wrotniak	11,005	0	0	11,005

(1) Fair value of the award computed in accordance with FASB ASC Topic 718.

(2) Until March 10, 2016, in addition to her Director's fees, Ms. Margaret Cotter received a combination of fixed and incentive management fees under the OBI management agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.

(3) Mr. Storey served on our Board and Compensation Committee through October 11, 2015.

(4) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly owned New Zealand subsidiary.

2016 and Future Director Compensation

As discussed below in "Compensation Discussion and Analysis," the Executive Committee of our Board, upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on our legal counsel, Greenberg Traurig, LLP.

The process followed by our Compensation Committee was similar to that in scope and approach used by the Compensation Committee in considering executive compensation. Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified "Compensation Discussion and Analysis"). Willis Towers Watson's key findings were:

- Our annual Board retainer was slightly above the 50th percentile while the total cash compensation paid to outside Directors was close to the 25th percentile.
- Due to our minimal annual Director equity grants, total direct compensation to our outside Directors was the lowest among the peer group.
- We should consider increasing our committee cash compensation and annual Director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by our Compensation Committee, Willis Towers Watson and legal counsel over the course of our Compensation Committee meetings. Among other things, our Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding Director retainer fees and equity awards for Directors. Following discussion, our Compensation Committee recommended and our Board authorized that:

- The Board retainer currently paid to outside Directors will not be changed.
- The committee chair retainers will be increased to $20,000 for our Audit Committee and our Executive Committee and $15,000 for our Compensation Committee.
- The committee member fees will be $7,500 for our Audit and Executive Committees and $5,000 for our Compensation Committee.
- The Lead Independent Director fee will be increased to $10,000.
- The annual equity award value to Directors will be $60,000 as a fixed dollar value based on the closing price on the date of the grant and, that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- Our Board also approved additional special compensation to be paid to certain directors for extraordinary services provided to us and devotion of time in providing such services as follows:
    - Guy W. Adams, $50,000
    - Edward L. Kane, $10,000
    - Douglas J. McEachern, $10,000

Our Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

Vote Required

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board.

The Board has nominated each of the nominees discussed above to hold office until the 2017 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that

any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or to serve and all nominees named have consented to serve if elected.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Cotter Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust.

REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee of our Board with respect to our audited financial statements for the fiscal year ended December 31, 2015.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2015 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chair
Edward L. Kane
Michael Wrotniak

BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 22, 2016 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

Except as noted, and except pursuant to applicable community property laws, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown. An asterisk (*) denotes beneficial ownership of less than 1%.

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
Directors and Named Executive Officers				
Ellen M. Cotter (2)(12)	3,146,965	14.5	1,173,888	69.8
James Cotter, Jr. (12)(13)	3,084,976	14.2	696,080	41.4
Margaret Cotter (3)(12)	3,335,012	15.4	1,158,988	66.9
Guy W. Adams (8)	2,000	*	--	--
Judy Codding (9)	2,000	*	--	--
William D. Gould (4)	56,340	*	--	--
Edward L. Kane (5)	21,500	*	100	*
Andrzej J. Matyczynski (16)	50,880	*	--	--
Douglas J. McEachern (6)	39,300	*	--	--
Michael Wrotniak (10)	2,000	--	--	--
Robert F. Smerling (7)	43,750	*	--	--
Wayne Smith (11)	3,000	*	--	--
William Ellis (17)	20,000	*	--	--
Dev Ghose (18)	25,000	*	--	--
5% or Greater Stockholders				
James J. Cotter Living Trust (12)	1,897,649	8.8	696,080	41.4
Estate of James J. Cotter, Sr. (Deceased) (12)	326,800	1.5	427,808	25.5

Mark Cuban (14) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,913	12.4
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (15) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	117,500	7.0
James J. Cotter Foundation	102,751	*		
Cotter 2005 Grandchildren's Trust	289,390	1.3		
All Directors and executive officers as a group (14 persons)	5,032,094	23.2	1,209,088	71.9

(1) Percentage ownership is determined based on 21,654,302 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on April 22, 2016. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are currently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 102,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 297,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Cotter Trust"). See footnote (12) to this table for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Cotter Trust. See footnotes (12) for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(4) The Class A Stock shown includes 19,000 shares subject to stock options.

(5) The Class A Stock shown includes 4,000 shares subject to stock options.

(6) The Class A Stock shown includes 29,000 shares subject to stock options.

(7) The Class A Stock shown consists of 43,750 shares subject to stock options.

(8) The Class A Stock shown consists of 2,000 shares subject to stock options.

(9) The Class A Stock shown consists of 2,000 shares subject to stock options.

(10) The Class A Stock shown consists of 2,000 shares subject to stock options.

(11) The Class A Stock shown consists of 3,000 restricted stock grants.

(12) On June 5, 2013, the Declaration of Trust establishing the Cotter Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Cotter Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co−Trustees of the Cotter Trust. On February 5, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Cotter Trust are reflected on the Company's stock register as being held by the Cotter Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Cotter Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Cotter Trust.

(13) The Class A Stock shown includes 25,000 shares subject to stock options as well as 770,186 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Cotter Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnote (12) above for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). The Class A Stock shown includes 770,186 shares pledged as security for a margin loan.

(14) Based on Mr. Cuban's Form 5 filed with the SEC on February 19, 2016 and Schedule 13D/A filed on February 22, 2016.

(15) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on January 14, 2009.

(16) The Class A Stock shown includes 25,000 shares subject to stock options.

(17) The Class A Stock shown includes 8,815 shares subject to stock options.

(18) The Class A Stock shown includes 25,000 shares subject to stock options.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transactions that occurred in

2015 were not filed or filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

Filer	Form	Transaction Date	Date of Filing
Andrzej J. Matyczynski	4	December 31, 2015	Not filed [1]
Andrzej J. Matyczynski	4	December 31, 2014	Not filed [2]
Andrzej J. Matyczynski	4	December 31, 2013	Not filed [3]
Mark Cuban	4	November 11, 2015	Not filed [4]
Estate of James J. Cotter	4	December 31, 2014	October 9, 2015
James J. Cotter Living Trust	3	September 13, 2014	October 9, 2015
Ellen M. Cotter	4	April 16, 2015	October 9, 2015
Margaret Cotter	4	April 8, 2015	October 9, 2015
William Gould	4	April 6, 2015	October 8, 2015
James Cotter Jr.[5]	4	March 10, 2016	March 15, 2016
James Cotter Jr.	4	November 25, 2015	December 1, 2015
James Cotter Jr.	4	August 17, 2015	August 24, 2015
James Cotter Jr.	4	July 16, 2015	July 31, 2015
James Cotter Jr.	4	June 30, 2015[6]	July 16, 2015
James Cotter, Jr.	4	June 4, 2016[7]	July 16, 2015
Wayne Smith	4	July 16, 2015	July 31, 2015

(1) This transaction was reported on Form 5 on April 22, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(2) This transaction was reported on Form 5 on March 17, 2015, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(3) This transaction was reported on Form 5 on March 12, 2014, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(4) This transaction was reported on Form 5 on February 19, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(5) An additional Form 4 for Mr. Cotter Jr. was reported with a typographical error in the transaction date. The transaction date was reported as December 1, 2012, but should have been reported as December 1, 2015. This Form 4 was timely filed on December 3, 2015.
(6) Pursuant to Form 4/A filed August 24, 2015, the earliest transaction date was changed from July 1, 2015 to June 30, 2015.
(7) Pursuant to Form 4/A filed November 17, 2015, the earliest transaction date was changed from July 1, 2015 to June 4, 2015.

In addition to the above, the following Forms 5 for transactions that occurred in 2013, 2014 and 2015 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934.

Filer	Form	Transaction Date	Date of Filing
Andrzej J. Matyczynski	5	December 31, 2015	April 22, 2016
Andrzej J. Matyczynski	5	December 31, 2014	March 17, 2015
Andrzej J. Matyczynski	5	December 31, 2013	March 12, 2014
Mark Cuban	5	November 11, 2015	February 19, 2016

Insofar as we are aware, all required filings have now been made.

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers, other than Ellen M. Cotter and Margaret Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

Name	Age	Title
Dev Ghose	62	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
Robert F. Smerling	81	President - Domestic Cinemas
Wayne D. Smith	58	Managing Director – Australia and New Zealand
Andrzej J. Matyczynski	63	Executive Vice President – Global Operations

Devasis ("Dev") Ghose. Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015, Executive Vice President on March 10, 2016 and Corporate Secretary on April 28, 2016. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles with three NYSE-listed companies: Skilled Healthcare Group (a health services company, now part of Genesis HealthCare) from 2008 to 2013, Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage) from 2004 to 2006, and HCP, Inc., (which invests primarily in real estate serving the healthcare industry) from 1986 to 2003, and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe) from 2006 to 2007. Prior thereto, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the U.S. from 1975 to 1985, and KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 58 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

Wayne D. Smith. Wayne D. Smith joined our Company in April 2004 as our Managing Director - Australia and New Zealand, after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing that company's Australian and New Zealand operations via an AUD$250 million expansion to more than 50 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

Andrzej J. Matyczynski. On March 10, 2016, Mr. Matyczynski was appointed as our Executive Vice President—Global Operations. From May 11, 2015 until March 10, 2016, Andrzej J. Matyczynski acted as the Strategic Corporate Advisor to the Company. Mr. Matyczynski served as our Chief Financial Officer and Treasurer from November 1999 until May 11, 2015 and as Corporate Secretary from May 10, 2011 to October 20, 2014. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Master's Degree in Business Administration from the University of Southern California.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by independent directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules

and regulations of the SEC and the NASDAQ Stock Market.

Prior to the adoption of our Compensation Committee Charter on March 10, 2016, it was our practice that the Compensation Committee would recommend to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically accepted without modification the compensation recommendations of the Compensation Committee, but reserved the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chief Executive Officer, Mr. James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

Earlier this year, our Board adopted a number of actions intended to bring certain of our governance practices into line with best practices, including substantial steps in the area of Executive Compensation, which are discussed below under "2016 and Future Compensation Structure." First, this discussion will address our executive compensation for 2015.

2015 EXECUTIVE COMPENSATION

The individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

Chief Executive Officer Compensation

As a matter of general practice prior to 2016, the Compensation Committee recommended to our Board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant engaged annually to assist the Compensation Committee. The Compensation Committee had established three components of our Chief Executive Officer's compensation—a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element was to reasonably reward our Chief Executive Officer for his or her performance and leadership.

The Compensation Committee engaged executive compensation consultants Towers Watson (now known as Willis Towers Watson) in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing that analysis, Willis Towers Watson, in consultation with our management, including James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description.

Prior to the work commenced in early 2016, Willis Towers Watson had most recently updated its analysis of our Chief Executive Officer's compensation in 2014, when Mr. Cotter, Sr. held that position. The Willis Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (*i.e.*, total cash compensation plus expected value of long-term compensation) relative to a peer group of 17 United States and Australian companies and published compensation survey data, and to our Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group. The peer group consisted of the following 17 companies:

Acadia Realty Trust
Amalgamated Holdings Ltd.
Associated Estates Realty Corp.
Carmike Cinemas Inc.
Cedar Shopping Centers Inc.
Cinemark Holdings Inc.
Entertainment Properties Trust
Glimcher Realty Trust
IMAX Corporation
Inland Real Estate Corp.
Kite Realty Group Trust
LTC Properties Inc.
Ramco-Gershenson Properties Trust
Regal Entertainment Group
The Marcus Corporation
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously

been receiving in his capacity as our President. Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014 or 2015.

On June 12, 2015, our Board appointed Ellen M. Cotter as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer, and she continued to receive the same base salary of $402,000 that she received at the time of her appointment.

In early 2016, the Compensation Committee, with the assistance of Willis Towers Watson and Ms. Cotter, adopted new procedures regarding officer compensation. As a part thereof, unlike prior years, the Compensation Committee evaluated the performance of our Chief Executive Officer and our named executive officers and determined their 2015 cash bonus awards. Having had the benefit of further analysis of the Company's executive compensation and revisions of the Company's compensation philosophy, the Compensation Committee approved a $250,000 bonus for Ellen M. Cotter for her 2015 performance as interim President and Chief Executive Officer.

Total Direct Compensation

In 2015, we and our Compensation Committee had no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

Compensation of Other Named Executive Officers

Until the reassessment of compensation practices in early 2016, the compensation of the Cotter family members as executive officers of our Company was determined by the Compensation Committee based on the same compensation philosophy used to determined Mr. Cotter, Sr.'s compensation prior to his retirement. The Cotter family members' respective compensation packages each consisted of a base cash salary, discretionary cash bonus and, on occasion, discretionary grants of stock options.

Historically, our Chief Executive Officer determined the base salaries of our executive officers other than himself and members of his family. Our Chief Executive Officer considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   - attract and retain talented executives;
   - reward executives appropriately for their individual efforts and job performance; and
   - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.

2. In support of the foregoing, the total compensation paid to our named executive officers should be:

   - fair, both to our Company and to the named executive officers;
   - reasonable in nature and amount; and
   - competitive with market compensation rates.

Personal and Company performances were just two factors historically considered in establishing base salaries. We had no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2015, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary was intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered in setting the base salaries prior to 2015 included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the

executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we had awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our Board delegated to our former Chief Executive Officer, Mr. Cotter, Sr., the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives.

In early 2016, following the reassessment of the Company's compensation structure discussed below, the Compensation Committee, meeting in executive session, approved a 2015 performance bonus for the Chief Executive Officer as well as our other named executive officers.

Stock Bonus: Equity incentive bonuses were available for award to align our executives' long-term compensation to appreciation in stockholder value over time. Historically, awards have not been granted on any fixed schedule, but instead were granted from time to time to new hires and for the recognition and retention of executives.

If awarded, it has generally been our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Stock Market on the date the award was approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock was granted as bonus compensation for a particular transaction, the award may have been based on the market price on a date calculated from the closing date of the relevant transaction. Stock options granted to our employees generally have a five year term and vest over four years in equal installments upon the annual anniversaries of the date of the grant, subject to continued employment upon each vesting date. Awards may also have been subject to vesting and limitations on voting or other rights.

As discussed below, our Board substantially changed these practices for 2016 and future years.

Other than James Cotter, Jr.'s role as Chief Executive Officer and thereafter, Ms. Ellen M. Cotter's role as Chief Executive Officer, none of our executive officers played a role in determining the compensation of our named executive officers during 2015.

2015 Base Salaries and Bonuses

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, subject to additional increases from time to time based on performance and tenure, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals.

Our Compensation Committee recommended and our Board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2015:

Name	2014 Base Salary ($)	2015 Base Salary ($)
Ellen M. Cotter [1]	335,000	402,000
James Cotter, Jr [2]	335,000	335,000[2]

(1) Ellen M. Cotter was appointed Interim President and Chief Executive Officer on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.

(2) James Cotter, Jr. served as President from June 1, 2013 through June 12, 2015, and Chief Executive Officer from August 7, 2014 through June 12, 2015. Mr. Cotter, Jr. had an annual base salary of $335,000 for 2015. When his employment ended, Mr. Cotter, Jr. earned a prorated base salary of $195,417 for 2015, which includes his severance payment paid through the end of July 2015.

With the exception of Mr. Ghose, who was appointed Chief Financial Officer on May 11, 2015, Mr. Matyczynski, whose base salary was $324,000 in 2015, and Mr. Smith, whose base salary was $274,897, the base salaries of our other named executive officers generally remained at the levels established for 2014, as shown in the following table:

Name	2014 Base Salary ($)	2015 Base Salary ($)
Dev Ghose [1]	--	400,000[1]
Andrzej J. Matyczynski [2]	309,000	324,000
William Ellis[3]	350,000[3]	350,000
Robert F. Smerling	350,000	350,000
Wayne Smith	324,295[4]	274,897[4]

(1) Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of $257,692.

(2) Andrzej J. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides certain severance and deferred compensation benefits. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, however he continued as an employee to assist in the transition of our new Chief Financial Officer, and was appointed Executive Vice President-- Global Operations on March 10, 2016. Under Mr. Matyczynski's employment contract, upon his retirement and provided there has been no termination for cause, he will become entitled under his agreement to a lump-sum severance payment of $50,000, subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

(3) William Ellis submitted his resignation on February 18, 2016, effective March 11, 2016. For 2014, Mr. Ellis earned a prorated base salary of $71,795.

(4) Mr. Smith's salary was paid in Australian Dollars in the amounts of AUD$359,250 in 2014 (shown in the table in U.S. Dollars using exchange rate 0.9027), and AUD$365,360 in 2015 (shown in the table in U.S. Dollars using exchange rate 0.7524).

Prior to 2016, all named executive officers were eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than herself. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee considered and approved a 2015 performance bonus for the Chief Executive Officer. The proposed bonus amounts were reviewed and approved by the Board in February 2016. The Board approval covered the named executive officers set forth below, as well as select other officers and executives.

The following are the 2015 Performance Bonuses approved pursuant to the above process:

Name	2015 Performance Bonus ($)
Ellen M. Cotter	250,000
Dev Ghose	75,000
Andrzej J. Matyczynski	0
William Ellis	0[1]
James Cotter, Jr.	0
Robert F. Smerling	75,000
Wayne Smith	71,478[2]

(1) Pursuant to his employment agreement, in 2015 Mr. Ellis received a guaranteed bonus of $60,000, and as such, it was not subject to the process above. Mr. Ellis submitted his resignation on February 18, 2016.

(2) Mr. Smith's bonus was paid in Australian Dollars in the amount of AUD$95,000 (shown in the table in U.S. Dollars using exchange rate 0.7524).

In the past, we have offered stock options and stock awards to our employees, including named executive

officers, as the long-term incentive component of our compensation program. We sometimes granted equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we granted to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

Employment Agreements

James Cotter, Jr. On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000, and the Company paid Mr. Cotter Jr. severance payments in the amount of $43,750. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which dispute is currently subject to arbitration. Mr. Cotter's employment agreement also provided for the grant of options to purchase 100,000 shares of Class A Stock at an exercise price of $6.31 per share. Mr. Cotter, Jr. has previously exercised options to purchase 50,000 of such shares. Mr. Cotter, Jr. has asserted that the options to exercise the remainder of the 50,000 options survived the termination of his employment. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. This matter is currently under review by the Compensation Committee.

Dev Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Dev Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one-year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provided that Mr. Ellis was to receive an annual base salary of $350,000, with an annual guaranteed bonus of at least $60,000. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

On February 18, 2016, Mr. Ellis submitted his resignation as our General Counsel and Corporate Secretary. On March 11, 2016, we entered into an agreement with Mr. Ellis, pursuant to which, in consideration of the payment to Mr. Ellis of $205,010 (to be paid in 19 equal semi-monthly installments of $10,790) and the vesting of options to acquire 20,000 shares of our Class A Common Stock on October 15, 2016, Mr. Ellis has agreed to be available to advise us on matters on which he previously worked until December 31, 2016. Mr. Ellis' last day of employment was March 11, 2016.

Andrzej J. Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides for a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in the section entitled "Other Elements of Compensation." Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and

Treasurer effective May 11, 2015, but continued as an employee in order to assist in the transition of our new Chief Financial Officer. He was appointed EVP-Global Operations in March 2016.

2016 AND FUTURE COMPENSATION STRUCTURE

Background

In early 2016, our Compensation Committee conducted a thorough evaluation of our compensation policy for executive officers and outside directors to establish a plan that encompasses best corporate practices consistent with our best interests. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for our executive and management officers and outside directors. In January 2016, our Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the advice of our legal counsel, Greenberg Traurig, LLP.

Compensation Committee Charter

On February 29, 2016, our Board adopted the Charter of the Compensation Committee, or the Compensation Committee Charter. In keeping with our intent to implement best practices, the Compensation Committee Charter delegated the following responsibilities to our Compensation Committee:

- in consultation with our senior management, to establish our compensation philosophy and objectives;
- to review and approve all compensation, including salary, bonus, incentive and equity compensation, for our Chief Executive Officer and our executive officers, provided that our Chief Executive Officer may not be present during voting or deliberations on his or her compensation;
- to approve all employment agreements, severance arrangements, change in control provisions and agreements and any special or supplemental benefits applicable to our Chief Executive Officer and other executive officers;
- to approve and adopt, on behalf of our Board, incentive compensation and equity-based compensation plans, or, in the case of plans requiring stockholder approval, to review and recommend such plan to the stockholders;
- to review and discuss with our management and our counsel and auditors, the disclosures made in Compensation Discussion and Analysis and advise our Board whether, in the view of the Committee, the Compensation Discussion and Analysis is, in form and substance, satisfactory for inclusion in our annual report on Form 10-K and proxy statement for the annual meeting of stockholders;
- to prepare an annual compensation committee report for inclusion in our proxy statement for the annual meeting of stockholders in accordance with the applicable rules of the SEC;
- to periodically review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval;
- to administer our equity-based compensation plans, including the grant of stock options and other equity awards under such plans, the exercise of any discretion accorded to the administrator of all such plans and the interpretation of the provisions of such plans and the terms of any awards made under the plans; and
- to consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Securities Exchange Act of 1934 when determining compensation policies and making decisions on executive compensation.

Under the Compensation Committee Charter, “executive officer” is defined to mean the chief executive officer, president, chief financial officer, chief operating officer, general counsel, principal accounting officer, any executive vice president of the Company and any Managing Director of Reading Entertainment Australia Pty Ltd and/or Reading New Zealand, Ltd.; provided that any compensation determinations pertaining to Ellen M. Cotter and Margaret Cotter will be subject to review and approval by our Board.

As noted above, the Compensation Committee Charter was adopted as part of our Board's implementation of additional corporate best practices measures. The Compensation Committee Charter will apply for the remainder of 2016 and the future, subject to further amendments and modifications by our Board. The Compensation Committee’s charter is available on our website at http://www.readingrdi.com/Committee-Charters.

The Compensation Committee reviews compensation policies and practices effecting employees in addition to

those applicable to executive officers. The Compensation Committee has determined that it is not reasonably likely that our compensation policies and practices for its employees would have a material adverse effect on our Company.

Executive Compensation

In early 2016, our Compensation Committee met with Willis Towers Watson, our Chief Executive Officer, and our legal counsel, to review the Company's compensation levels, programs and practices. As part of its engagement, Willis Towers Watson reviewed our compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared our top executive and management positions to (i) executive compensation paid by a peer group, and (ii) two surveys, the 2015 Willis Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following 15 companies:

Arcadia Realty Trust
Associated Estates Realty Corp.
Carmike Cinemas Inc.
Cedar Realty Trust Inc.
Charter Hall Group
EPR Properties
Vicinity Centres
IMAX Corporation
Inland Real Estate Corp.
Kite Realty Group Trust
Marcus Corporation
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties Trust
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group noting that the companies selected (i) included 12 United States based companies and three Australian based companies to reflect our geographic operations, and (ii) were comparable to us based on the key financial criteria of being between 1/3rd and three times our revenue.

The executive pay assessment prepared by Willis Towers Watson measured our executive and management compensation against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

The Willis Towers Watson assessment compared the base salary, the short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to our executives. The assessment concluded that, except in a few positions, we were generally competitive in base salary, however, we were not competitive when short-term incentives and long term incentives were included in the total compensation paid to our executives and management.

As a result of the foregoing factors, Willis Towers Watson recommended that we:

- Implement a formal annual incentive opportunity for all executives; and
- Implement a regular annual grant program for long-term incentives.

Our Compensation Committee recommended, and our Board subsequently adopted, a compensation philosophy for our management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy, our compensation focus will be to (1) drive our strategic plan on growth, (2) align officer and management performance with the interests of our stockholders, and (3) encourage retention of our officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, our Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard;
- A short-term incentive plan based on a combination of factors including overall corporate and division performance as well as individual performance with a target bonus opportunity to be denominated as a percent of base salary with specific goals weightings and pay-out ranges; and
- A long-term incentive or equity awards in line with job description, performance, and industry standards.

Our Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in our and our stockholders best interests.

Reflecting the new approach, our Compensation Committee established (i) 2016 annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks, and (iii) long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of our stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

Our Compensation Committee will evaluate both executive performance and compensation to maintain our ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our Company.

Role of Chief Executive Officer in Compensation Decisions

In connection with the implementation of the new compensation structure, our Compensation Committee conducted the thorough review of executive compensation discussed above. Our Compensation Committee engaged in extensive discussions with, and considered with great weight the recommendations of, the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

Our Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At our Compensation Committee's direction, our Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short -term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, our Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities. Our Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

Our Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, our Compensation Committee interviewed our Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these

executive sessions of our Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, our Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of our Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to our Compensation Committee our objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. Our Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, our Compensation Committee, in consultation with our Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, our Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

Base Salaries

Our Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers. Our Board approved the recommendations of our Compensation Committee on March 10, 2016 for the President and Chief Executive Officer, Chief Financial Officer and our named executive officers, other than William D. Ellis and our prior Chief Executive Officers James J. Cotter, Sr. and James Cotter, Jr.

Name	Title	2015 Base Salary	2016 Base Salary
Ellen Cotter [(1)]	President and Chief Executive Officer	$402,000	$450,000
Dev Ghose [(2)]	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	400,000	400,000
Andrzej J. Matyczynski [(3)]	EVP-Global Operations	324,000	336,000
Robert F. Smerling	President, US Cinemas	350,000	375,000
Wayne Smith[(4)]	Managing Director, Australia and New Zealand	274,897[(4)]	282,491[(4)]

(1) Ellen M. Cotter was appointed Interim President and Chief Executive Officer on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.

(2) Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of $257,692.

(3) Andrzej J. Matyczynski was the Company's Chief Financial Officer and Treasurer until May 11, 2015 and thereafter he acted as Strategic Corporate Advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(4) Mr. Smith was paid in Australian dollars in the amount of AUD$365,360 (shown in U.S. Dollars in the table above, using the conversion rate of 0.7524). In 2016, Mr. Smith will be paid in Australian dollars in the amount of AUD$370,000 (shown abovein U.S. Dollars using the exchange rate of 0.76349).

Short Term Incentives

The Short Term Incentives authorized by our Compensation Committee and our Board provides our executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain company financial goals, division goals and individual goals, established by our Chief Executive Officer and approved by our Compensation Committee and our Board (in future

years, under the Compensation Committee Charter approved by our Board on March 10, 2016, our Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short-term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short-term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals for 2016 will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals for 2016 will include levels of division cash flow and division milestones and individual goals will include specific unique performance goals specific to the individual's position with us. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

Ms. Ellen M. Cotter, our President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or $427,500 at target based on Ms. Cotter's achievement of her performance goals and over achievement of corporate goals discussed above. Of that potential target bonus opportunity, a threshold bonus of $213,750 may be achieved based upon Ms. Cotter's achievement of certain performance goals and our achievement of certain corporate goals, and a potential maximum target of $641,250 is based on achieving additional performance goals. Ms. Cotter's aggregate annual bonus opportunity can range from $0 to $641,250. Mr. Dev Ghose, our EVP, Chief Financial Officer, Treasurer and Corporate Secretary, has a potential target bonus opportunity of 50% of Base Salary, or $200,000 at target, which is based on achievement of his performance goals and our achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from $0 to $300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej J. Matyczynski, our EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or $168,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from $0 to $252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or $112,500 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from $0 to $168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, Australia and New Zealand, has a target bonus opportunity of 40% of Base Salary, or A$148,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A$0 to A$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

Long-Term Incentives

Long-Term incentives will utilize the equity-based plan under our 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4th vesting on each anniversary date of the grant date.

On March 10, 2016, the following grants were made:

Name	Title	Dollar Amount of Restricted Stock Units	Dollar Amount of Non-Statutory Stock Options[1]
Ellen M. Cotter	President and Chief Executive Officer	$150,000	$150,000
Dev Ghose [2]	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Andrzej J. Matyczynski	EVP Global Operations	37,500	37,500

Robert F. Smerling	President, US Cinemas		50,000	50,000
Wayne Smith	Managing Director, Australia and New Zealand	27,000 [3]		27,000 [3]

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Dev Ghose was awarded 100,000 non-statutory stock options vesting over a 4-year period on commencing on Mr. Ghose's first day of employment or May 11, 2015.

(3) Although Mr. Smith was paid 50% of $75,000 in Australian Dollars, the amount shown above is quoted in U.S. Dollars.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

Other Elements of Compensation

Retirement Plans

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401 (k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. The DCP allowed Mr. Matyczynski to defer part of the cash portion of his compensation, subject to annual limits set forth in the DCP. The funds held pursuant to the DCP are not segregated and do not accrue interest or other earnings. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information. In addition, Mr. Matyczynski is entitled to a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, upon his retirement.

Upon the termination of Mr. Matyczynski's employment, he will also be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over seven years and with full vesting to occur in 2019 at $1,000,000 in deferred compensation. However, in connection with his changed employment to EVP - Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be $150,000 for 2015, and $21,875 for 2016, satisfying the Company's total contribution obligations under the DCP at an amount of $621,875.

The DCP is an unfunded contractual obligation of the Company. DCP benefits are paid from the general assets of the Company. However, the Company reserves the right to establish a grantor trust from which DCP benefits may be paid.

In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long term service to the Company. The retirement benefit an amount equal to the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five year period.

We currently maintain no other retirement plan for our named executive officers.

Key Person Insurance

We maintain life insurance on certain individuals who we believe to be key to our management. In 2015, these individuals included James Cotter, Jr. (through September 13, 2015), Ellen M. Cotter, Margaret Cotter, William Ellis, Dev Ghose, Andrzej Matyczynski, Robert Smerling, Craig Tompkins and Wayne Smith. If such individual ceases to be our employee, Director or independent contractor, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which we are the beneficiary and the insurance as to which our employee is the beneficiary, is paid by us. In the case of named executive officers, the premium paid by us for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits. Historically, many of our other named executive officers also received an automobile allowance. The table below shows car allowances granted to certain officers under their employment agreements or arrangements. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Officer	Annual Allowance ($)
Dev Ghose	12,000
William Ellis [(1)]	15,000
Andrzej J. Matyczynski	12,000
Ellen M. Cotter	13,800
James Cotter, Jr. [(1)]	15,000
Robert F. Smerling	18,000

(1) Mr. Ellis and Mr. Cotter, Jr. are no longer employees of the Company.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. Our Compensation Committee and our Board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section.

Nonqualified Deferred Compensation

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

Say on Pay

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our Company's executive compensation. The Compensation

Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote. We expect that our next advisory vote of our stockholders on executive compensation will be at our 2017 Annual Meeting of Stockholders.

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently composed of Mr. Kane, who serves as Chair, Dr. Codding, and Mr. McEachern. Mr. Storey, who served on our Board until October 11, 2015, served on our Compensation Committee until that date. Mr. Adams served until May 14, 2016, and was succeeded by Mr. McEachern. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2015. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Boardor Compensation Committee.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our Board that the foregoing "Compensation Discussion and Analysis" be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chair
Guy W. Adams
Judy Codding

Executive Compensation

This section discusses the material components of the compensation program for our executive officers named in the 2015 Summary Compensation Table below. In 2015, our named executive officers and their positions were as follows:

- Ellen M. Cotter, Chair of the Board, President and Chief Executive Officer, interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC.
- Dev Ghose, Chief Financial Officer and Treasurer.
- William D. Ellis, General Counsel and Corporate Secretary
- Robert F. Smerling, President – Domestic Cinema Operations.
- Wayne Smith, Managing Director – Australia and New Zealand.
- James Cotter, Jr., former Vice Chair, President and Chief Executive Officer.
- Andrzej J. Matyczynski, former Chief Financial Officer, Treasurer and Corporate Secretary.

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2015 to (i) Mr. James Cotter, Jr., who served as our principal executive officer until June 12, 2015, (ii) Ellen M. Cotter, who served as our interim principal executive officer from June 12, 2015 through December 31, 2015, (iii) Mr. Andrzej J. Matyczynski, who served as our Chief Financial Officer and Treasurer until May 11, 2015, and (iv) Mr. Dev Ghose, who served as our Chief Financial Officer starting May 11, 2015, and (v) the other three most highly compensated persons who served as executive officers in 2015. The following executives are herein referred to as our "named executive officers."

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earning ($)	All Other Compensation ($)	Total ($)
Ellen M. Cotter [2] Interim President and Chief Executive Officer, Chief Operating Officer -Domestic Cinemas	2015	402,000	250,000	--	--	--	25,465 [3]	677,465
	2014	335,000	--	--	--	--	75,190 [3][4]	410,190
	2013	335,000	--	--	--	--	24,915 [3]	359,915
James Cotter, Jr. [5] [9] Former President and Chief Executive Officer	2015	195,417	--	--	50,027--	--	16,161 [3]	261,605
	2014	335,000	--	--	50,027--	--	26,051 [3]	411,078
	2013	195,417	--	--	29,182--	--	9,346 [3]	233,945
Dev Ghose [6] Chief Financial Officer and Treasurer	2015	257,692	75,000		382,334	--	15,730 [3]	407,005
	2014	--	--	--	--	--	--	--
	2013	--	--	--	--	--	--	--
Andrzej J. Matyczynski [7] Former Chief Financial Officer and Treasurer	2015	324,000			33,010	150,000 (8)	27,140 [3]	534,150
	2014	308,640			33,010	150,000 (8)	26,380 [3]	518,030
	2013	308,640	35,000	--	33,010	50,000 (8)	25,755 [3]	452,405
William Ellis General Counsel [10]	2015	350,000	60,000		57,194		28,330 [3]	495,524
	2014	71,795	10,000		9,532		2,500 [3]	93,827
	2013	--	--	--	--	--	--	--
Robert F. Smerling President – Domestic Cinema Operations	2015	350,000	75,000	--	--	--	22,899 [3]	447,899
	2014	350,000	65,000	--	--	--	22,421 [3]	437,421
	2013	350,000	25,000	--	--	--	21,981 [3]	396,981
Wayne Smith [11] Managing Director -Australia and New Zealand	2015	274,897	71,478	--	--	--	2,600 [3]	348,975
	2014	324,295	72,216	--	--	--	2,340 [3]	398,851
	2013	340,393	48,420	--	--	--	2,075 [3]	390,888

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in the Notes to our consolidated financial statements. Amounts do not include the value of restricted stock units that will not vest within 60 days following the date of which this information is provided.

(2) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 2015.

(3) Includes our matching employer contributions under our 401(k) plan, the imputed tax of key person insurance, and any automobile allowances. Aside from the car allowances only the employer contributions for the 401(k) plan exceeded $10,000, see table below. See the table in the section entitled "*Employee Benefits and Perquisites*" for the

amount of each individual's car allowance.

Employer Contribution for 401(k) Plan

Name	2015	2014	2013
Ellen M. Cotter	$10,600	$10,400	$10,200
James Cotter, Jr.	6,700	10,400	0
Dev Ghose	4,000	0	0
Andrzej J. Matyczynski	10,600	10,400	10,200
William Ellis	10,500	0	0
Robert F. Smerling	0	0	0
Wayne Smith	0	0	0

(4) Includes a $50,000 tax gross-up for taxes incurred as a result of the exercise of nonqualified stock options that were intended to be issued as incentive stock options.

(5) Mr. Cotter, Jr., served as our Chief Executive Officer until June 12, 2015. In the case of Mr. Cotter Jr., the "All Other Compensation" column includes $43,750 in severance payments paid pursuant to Mr. Cotter Jr.'s employment agreement. Of this amount, the Company has a claim against Mr. Cotter Jr. for approximately $18,000, which, if the Company is successful in this claim, may be recovered from Mr. Cotter Jr.

(6) Mr. Ghose became Chief Financial Officer and Treasurer on May 11, 2015, as such, he was paid a prorated amount of his $400,000 salary for 2015.

(7) Mr. Matyczynski resigned as our Chief Financial Officer and Treasurer on May 11, 2015, and acted as our Strategic Corporate Advisor until March 10, 2016.

(8) Represents the increase in the vested benefit of the DCP for Mr. Matyczynski. Payment of the vested benefit under his DCP will be made in accordance with the terms of the DCP.

(9) Mr. Cotter, Jr. had an annual base salary of $335,000 for 2015. As his employment ended in June 2015, Mr. Cotter, Jr. earned a prorated base salary of $195,417 for 2015, which includes his severance payment paid through the end of July 2015.

(10) Mr. Ellis became General Counsel and Corporate Secretary on October 20, 2014 as such he was paid a prorated amount of his $350,000 salary in 2014. Mr. Ellis submitted his resignation on February 18, 2016.

(11) Mr. Smith is paid in Australian Dollars. Amounts in the table above are shown in U.S. Dollars, using the conversion rates of 0.9684 for 2013, 0.9027 for 2014 and 0.7524 for 2015.

Grants of Plan-Based Awards

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2015:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Futures Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (1)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Award ($/share) (3)	Grant Date Fair Value of Stock and Option Awards ($) (4)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Ellen M. Cotter	-	-	-	--	-	-	-	-	-	-	
James Cotter, Jr.	-	-		--	-	-	-	-	-	-	

Dev Ghose	5-11-2015	-	-	--	-	-	-		100,000	13.42	$382,334
Andrzej J. Matyczynski	-	-	-	--	-	-	-	-	-	-	
William Ellis	-	-	-	--	-	-	-	-	-	-	
Robert F. Smerling	-	-	-	---	-	-	-	-	-	-	
Wayne Smith (1)	7-16-2015	-	-	-	-	-		6,000	-	-	$84,000

(1) Mr. Wayne Smith was issued an award of restricted Class A Common Stock, which vests in equal installments on May 13, 2015 and May 13, 2016. The closing price per share for the Class A Common Stock on the date of grant was $14.00. The awards issued to Mr. Wayne Smith are related to his prior-year performance.

(2) Mr. Dev Ghose was issued an option to purchase 100,000 shares of Class A Common Stock at the commencement of his employment, which award vests in four equal installments.

(3) Options are granted with an exercise price equal to the closing price per share on the date of grant.

(4) Represents the total option value estimated as per ASC 718.

Nonqualified Deferred Compensation

Name	Executive contributions in 2015 ($)	Registrant contributions in 2015 ($)	Aggregate earnings in 2015 ($)	Aggregate withdrawals/distributions ($)	Aggregate balance at December 31, 2015 ($)
Andrzej J. Matyczynski	0	150,000	0	0	600,000

See "*Potential Payments upon Termination of Employment or Change in Control*".

On May 13, 2010, our stockholders approved the Plan at the annual meeting of stockholders in accordance with the recommendation of the Board of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, Directors, and consultants. The Board approved an amendment to the Plan to permit the award of restricted stock units on March 10, 2016. The Plan permits issuance of a maximum of 1,250,000 shares of Class A Stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Stock Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2015 under the Plan:

Outstanding Equity Awards at Year Ended December 31, 2015

	Option Awards					Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James Cotter, Jr. [1]	A	25,000	20,000	6.31	06/02/2018	0	0
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	0	0
William Ellis [2]	A	8,815	40,000	8.94	12/31/2016	0	0
Dev Ghose	A	25,000[3]	75,000	13.42	05/10/2020	0	0
Andrzej J. Matyczynski	A	25,000	--	6.02	08/22/2022	0	0
Robert F. Smerling	A	43,750	--	10.24	05/08/2017	0	0
Wayne Smith	A	--	--	--	--	3,000[4]	42,000

(1) Mr. Cotter, Jr. has stated that he has unvested options to acquire 50,000 shares of Class A Stock at an exercise price of $6.31 per share, expiring February 6, 2018, of an original stock option grant of 100,000 Class A Stock. Mr. Cotter, Jr. exercised 50,000 stock options in June 2015. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. The matter is under review by the Compensation Committee.

(2) Mr. Ellis submitted his resignation on February 18, 2016, effective March 11, 2016. As part of his separation agreement, 20,000 of the 40,000 remaining unvested shares will vest on October 20, 2016. Thereafter, no additional options will vest.

(3) 25,000 of Mr. Ghose's options vested on May 11, 2016.

(4) Mr. Smith was granted 6,000 restricted shares of Class A stock on July 16, 2015, which vest over two years in annual installments.

Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2015:

		Option Awards		Stock Awards	
Name	Class	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	B	100,000	1,024,000	--	--
James Cotter, Jr. [1]	A	50,000	315,500	--	--
James Cotter, Jr.	A	12,500	48,375	--	--
James Cotter, Jr.	A	10,000	83,500	--	--
Ellen M. Cotter	B	50,000	512,000	--	--

Andrzej J. Matyczynski	A	35,100	180,063	--	--

(1) Mr. Cotter, Jr. has stated that he has unvested options to acquire 50,000 shares of Class A Stock at an exercise price of $6.31 per share, expiring February 6, 2018, of an original stock option grant of 100,000 Class A Stock. Mr. Cotter, Jr. exercised 50,000 stock options in June 2015. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. The matter is under review by the Compensation Committee.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2015, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders [1]	486,565	(2)	$ 8.68	551,800
Equity compensation plans not approved by security holders				
Total	486,565			

(1) These plans are the Company's 1999 Stock Option Plan and 2010 Stock Incentive Plan.

(2) Represents outstanding options only.

Pension Benefits

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2015:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit as of 12/31/2015 ($)	Payments During Last Fiscal Year ($)
Andrzej J. Matyczynski	DCP	6	600,000	$ --

Potential Payments upon Termination of Employment or Change in Control

The following paragraphs provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2015:

Mr. Dev Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. William Ellis – Termination without Cause. Mr. Ellis resigned his employment effective March 11, 2016. We have entered into a separation agreement with Mr. Ellis which provides, among other things, that, in consideration of the payment to Mr. Ellis of $205,010 (to be paid in 19 equal semi-monthly installments of $10,790) and the vesting of options to acquire 20,000 shares of our Class A Common Stock on October 15, 2016, Mr. Ellis has agreed to be available to advise us on matters on which he previously worked until December 31, 2016. Mr. Ellis' employment agreement contained a noncompetition clause that did not extend beyond his termination.

Mr. Wayne Smith — Termination of Employment for Failing to Meet Performance Standards. If Mr. Smith's employment is terminated by the Board for failing to meet the standards of his anticipated performance, Mr. Smith will be entitled to a severance payment of six months' base salary.

Mr. Andrzej J. Matyczynski – Deferred Compensation Benefits. During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information.

Upon the termination of Mr. Matyczynski's employment, he will be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over seven years and with full vesting to occur in 2019 at $1,000,000 in deferred compensation. However, in connection with his employment as EVP Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be $150,000 for 2015 and $21,875 for 2016, satisfying the Company's obligations under the DCP. Mr. Matyczynski's agreement contains nonsolicitation provisions that extend for one year after his retirement.

Under Mr. Matyczynski's agreement, on his retirement date and provided there has not been a termination for cause, Mr. Matyczynski will be entitled to a lump sum severance payment in an amount equal to $50,000, less certain offsets.

Robert F. Smerling – Retirement Benefit. In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long-term service to the Company. The retirement benefit is the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five year period.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control. The table below shows the maximum benefits that would be payable to each person listed above in the event of such person's termination without cause or termination in connection with a change in control, if such events had occurred on December 31, 2015, at price equal to the closing price of the Class A stock on that date, which was of $13.11.

Mr. Ellis' agreement terminated when his employment ended as of March 11, 2016. As such, his information is excluded from the table below.

	Payable on upon Termination without Cause ($)			Payable upon Termination in Connection with a Change in Control ($)			Payable upon Retirement ($)
	Severance Payments	*Value of Vested Stock Options*	*Value of Health Benefits*	*Severance Payments*	*Value of Vested Stock Options*	*Value of Unvested Stock Options Accelerated*	*Benefits Payable under Retirement Plans or the DCP*
Ellen Cotter	0	151,200	0	0	151,200	0	0
Dev Ghose	400,000	0	23,040	800,000	0	0	0
Wayne Smith	175,000	39,330[1]	0	0	39,330[1]	39,330[1]	0
Andrzej J. Matyczynski	50,000[2]	177,250	0	0	177,250	0	600,000
Robert F. Smerling	0	125,562	0	0	125,562	0	415,000[3]

(1) Represents value of restricted stock award rather than stock option.

(2) Mr. Matyczynski's severance payment is payable upon his retirement, and is subject to certain offsets as set forth in his agreement, and is subject to certain offsets.

(3) Mr. Smerling's one-time retirement benefit is based on the average of the two highest total cash compensation years paid to Mr. Smerling in the most recently completed five-year period. The figure quoted in the table represents the average of total compensation paid for years 2015 and 2014.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The members of our Audit Committee are Douglas McEachern, who serves as Chair, Edward Kane, and Michael Wrotniak. Management presents all potential related party transactions to the Audit Committee for review. Our Audit Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed. See the discussion entitled "*Review, Approval or Ratification of Transactions with Related Persons*" for additional information regarding the review process.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the master leasing, with an option to purchase, of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2, 3 theaters. In connection with that transaction, we also agreed (i) to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and (ii) to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by the Cotter Estate and/or the Cotter Trust and a third party.

As previously reported, over the years, two of the cinemas subject to the master leasing agreement have been redeveloped and one (the Cinemas 1, 2, 3 discussed below) has been acquired. The Village East is the only cinema that remains subject to this master lease. We paid an annual rent of $590,000 for this cinema to SHC in each of 2015, 2014, and 2013. During this same period, we received management fees from the 86th Street Cinema of $151,000, $123,000 and $183,000.

In 2005, we acquired (i) from a third party the fee interest underlying the Cinemas 1, 2, 3, and (ii) from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2, 3. The ground lease estate and the improvements acquired from SHC were originally a part of the master lease transaction, discussed above.

In connection with that transaction, we granted to SHC an option to acquire at cost a 25% interest in the special purpose entity (Sutton Hill Properties, LLC ("SHP") formed to acquire these fee, leasehold and improvements interests. On June 28, 2007, SHC exercised this option, paying $3.0 million and assuming a proportionate share of SHP's liabilities. At the time of the option exercise and the closing of the acquisition of the 25% interest, SHP had debt of $26.9 million, including a $2.9 million, non-interest bearing intercompany loan from the Company. As of December 31, 2015, SHP had debt of $19.4 million (again, including the intercompany loan). Since the acquisition by SHC of its 25% interest, SHP has covered its operating costs and debt service through cash flow from the Cinemas 1, 2, 3, (ii) borrowings from third parties, and (iii) pro-rata contributions from the members. We receive an annual management fee equal to 5% of SHP's gross income for managing the cinema and the property, amounting to $153,000, $123,000 and $183,000 in 2015, 2014, and 2013, respectively. This management fee was modified in 2015, as discussed below, retroactive to December 1, 2014.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema by 10 years, with a new termination date of June 30, 2020. This amendment was reviewed and approved by our Audit Committee. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. We recorded the Village East Cinema building as a property asset of $4.7 million on our balance sheet based on the cost carry-over basis from an entity under common control with a corresponding capital lease liability of $5.9 million.

In February 2015, SHP and we entered into an amendment to the management agreement dated as of June 27, 2007 between SHP and us. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2, 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2, 3 over the average annual positive cash flow of the Cinemas 1, 2, 3 over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations. In 2015, we received a management fee of $153,000. This amendment was approved by SHC and by the Audit Committee of our Board.

OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations were, until recently, managed by Off-Broadway Investments, LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter, the daughter of the late Mr. James J. Cotter, Sr., the sister of Ellen M. Cotter and James Cotter, Jr., and a member of our Board. The Management Agreement was terminated effective March 10, 2016 in connection with the retention by our Company of Margaret Cotter as a full time employee. The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. OBI was paid $589,000 with respect to 2015. This includes $389,000 for theater management services performed in 2015 and $200,000 for property development services with respect to our Company's Union Square and Cinemas 1,2,3 properties, some of which property development services were provided in periods prior to 2015 and during the period ended March 10, 2016. We paid $397,000 and $401,000 in fees for theater management services with respect to 2014, and 2013, respectively. No fees were paid in these periods for property development services. We also reimbursed OBI for certain travel expenses, shared the cost of an administrative assistant, and provided office space at our New York offices. The fees payable to OBI for the period January 1, 2016 through and including March 9, 2016, will be prorated.

OBI Management historically conducted its operations from our office facilities on a rent-free basis, and we shared the cost of one administrative employee of OBI Management. We reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex. Other than these expenses, OBI Management was responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renewed automatically each year unless either party gave at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we could terminate the Management Agreement at any time for cause.

Effective March 10, 2016, Margaret Cotter became a full time employee of the Company and the Management Agreement was terminated. As Executive Vice-President Real Estate Management and Development - NYC, Ms. Cotter will continue to be responsible for the management of our live theater assets, will continue her role heading up the pre-redevelopment of our New York properties and will be our senior executive responsible for the actual redevelopment of our New York properties. Pursuant to the termination agreement, Ms. Cotter has given up any right she might otherwise have, through OBI, to income from STOMP.

Ms. Cotter's compensation as Executive Vice-President was set as part of an extensive executive compensation process. For 2016, Ms. Cotter's base salary will be $350,000, she will have a short term incentive target bonus opportunity of $105,000 (30% of her base salary), and she was granted a long term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four year period.

Live Theater Play Investment

From time to time, our officers and Directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. The Cotter Estate and/or the Cotter Trust and Mr. Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater.

Shadow View Land and Farming, LLC

Director Guy Adams has performed consulting services for James J. Cotter, Sr., with respect to certain holdings that are now controlled by the Cotter Estate and/or the Cotter Trust (collectively the "Cotter Interests"). These holdings include a 50% non-controlling membership interest in Shadow View Land and Farming, LLC (the "Shadow View Investment" and "Shadow View" respectively), certain agricultural interests in Northern California (the "Cotter Farms"), and certain land interests in Texas (the "Texas Properties"). In addition, Mr. Adams is the CFO of certain captive insurance entities, owned by a certain trust for the benefit of Ellen M. Cotter, James Cotter, Jr., and Margaret Cotter (the "captive insurance entities").

Shadow View is a consolidated subsidiary of the Company. The Company has from time to time made capital contributions to Shadow View. The Company has also, from time to time, as the managing member, funded on an interim basis certain costs incurred by Shadow View, ultimately billing such costs through to the two members. The Company has never paid any remuneration to Shadow View. Mr. Adams' consulting fees with respect to the Shadow View Interest were to have been measured by the profit, if any, derived by the Cotter Interests from the Shadow View Investment. He has no beneficial interest in Shadow View or the Shadow View Investment. His consulting fees with respect to Shadow View were equal to 5% of the profit, if any, derived by the Cotter Interests from the Shadow View Investment after recoupment of its investment plus a return of 100%. To date, no profits have been generated by Shadow View and Mr. Adams has never received any compensation with respect to these consulting services. His consulting fee would have been calculated only after the Cotter Interests had received back their costs and expenses and two times their investment in Shadow View. Mr. Adams' consulting fees would have been 2.5% of the then-profit, if any, recognized by Shadow View, considered as a whole.

The Company and its subsidiaries (i) do not have any interest in, (ii) have never conducted any business with, and (iii) have not made any payments to, the Cotter Family Farms, the Texas Properties and/or the captive insurance entities.

Document Storage Agreement

In consideration of the payment of $100 per month, our Company has agreed to allow Ellen M. Cotter and Margaret Cotter to keep certain files related to the Cotter Estate and/or the Cotter Trust at our Los Angeles Corporate Headquarters. This arrangement, however, has not been implemented.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee has adopted a written charter, which includes responsibility for approval of "Related Party Transactions." Under its charter, the Audit Committee performs the functions of the "Conflicts Committee" of the Board and is delegated responsibility and authority by the Board to review, consider and negotiate, and to approve or disapprove on behalf of the Company the terms and conditions of any and all Related Party Transactions (defined below) with the same effect as though such actions had been taken by the full Board. Any such matter requires no further action by the Board in order to be binding upon the Company, except in the case of matters that, under applicable Nevada Law, cannot be delegated to a committee of the Board and must be determined by the full Board. In those cases where the authority of the Board cannot be delegated, the Audit Committee nevertheless provides its recommendation to the full Board.

As used in the Audit Committee's Charter, the term "Related Party Transaction" means any transaction or arrangement between the Company on one hand, and on the other hand (i) any one or more directors, executive officers or stockholders holding more than 10% of the voting power of the Company (or any spouse, parent, sibling or heir of any such individual), or (ii) any one or more entities under common control with any one of such persons, or (iii) any entity in which one or more such persons holds more than a 10% interest. Related Party Transactions do not include matters related to employment or employee compensation related issues.

The charter provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- the approximate dollar value of the amount involved in the transaction and whether the transaction is material to us;
- whether the terms are fair to us, have resulted from arm's length negotiations and are on terms at least as favorable as would apply if the transaction did not involve a Related Person;
- the purpose of, and the potential benefits to us of, the transaction;
- whether the transaction was undertaken in our ordinary course of business;
- the Related Person's interest in the transaction, including the approximate dollar value of the amount of the Related Person's interest in the transaction without regard to the amount of any profit or loss;
- required public disclosure, if any; and
- any other information regarding the transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

INDEPENDENT PUBLIC ACCOUNTANTS

Summary of Principal Accounting Fees for Professional Services Rendered

Our independent public accountants, Grant Thornton LLP, have audited our financial statements for the fiscal year ended December 31, 2015, and are expected to have a representative present at the Annual Meeting, who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Audit Fees

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2015 and 2014 were approximately $931,500 and $661,700, respectively.

Audit-Related Fees

Grant Thornton LLP did not provide us any audit related services for 2015 or 2014.

Tax Fees

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2015 or 2014.

All Other Fees

Grant Thornton LLP did not provide us any services for 2015 or 2014, other than as set forth above.

Pre-Approval Policies and Procedures

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any *de minimis* non-audit services. Non-audit services are considered *de minimis* if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2015 and 2014.

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is being provided with this Proxy Statement.

Stockholder Communications with Directors

It is the policy of our Board that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

Stockholder Proposals and Director Nominations

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2017 Annual Meeting of Stockholders, must deliver such proposal in writing to the Annual Meeting Secretary at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our 2017 annual meeting by more than 30 days from the anniversary of the prior year's meeting, such written proposal must be delivered to us no later than December 23, 2016 to be considered timely. If our 2017 Annual Meeting is not held within 30 days of the anniversary of our 2016 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2017 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2017 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive notice of a stockholder proposal on or before March 8, 2017, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Boards will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such

nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

May 19, 2016

PROXY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.
We encourage you to take advantage of Internet or telephone voting.
Both are available 24 hours a day, 7 days a week.
Internet and telephone voting is available through 11:59 p.m., PT, on June 1, 2016.

VOTE BY INTERNET WWW.FCRVOTE.COM/RDI

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on June 1, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

VOTE BY TELEPHONE 1-800-303-7885

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., PT, on June 1, 2016. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., P.O. Box 3572, Ponte Vedra Beach, FL 32004-9911.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBER

△ If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing. ↙

READING INTERNATIONAL ANNUAL MEETING PROXY CARD
BOARD OF DIRECTORS - The Board of Directors recommends a vote FOR all nominees listed.

Proposal 1

(01) Ellen M. Cotter (02) Guy W. Adams (03) Judy Codding (04) James J. Cotter, Jr. (05) Margaret Cotter
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. McEachern (09) Michael Wrotniak

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

To withhold your vote for any individual nominee(s), mark "For All Except" box and write the number(s) of the nominees(s) on the line below.

_____

Proposal 2 Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

_____
Signature

_____
Signature (Capacity)

_____
Date

NOTE: Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If stockholder is a corporation, please sign full corporate name by authorized officers, giving full title as such. If a partnership, please sign in partnership name by authorized person, giving full title as such.

000325

SIGN, DATE AND MAIL YOUR PROXY TODAY,
UNLESS YOU HAVE VOTED BY INTERNET OR TELEPHONE.

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, JUNE 1, 2016, TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, JUNE 1, 2016 WILL BE VOTED.

SEE REVERSE SIDE

△ If submitting a proxy by mail, please sign and date the card on reverse and fold and detach card at perforation before mailing. △

READING INTERNATIONAL

ANNUAL MEETING OF STOCKHOLDERS

June 2, 2016, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230 on Thursday, June 2, 2016 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

The undersigned hereby ratifies and confirms all that the attorneys and proxies, or any of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the Annual Meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

SEE REVERSE SIDE

000326

Tab 12

EX-99.1 2 rdi-20160713xex99_1.htm EX-99.1

Stockholders Withdraw Derivative Lawsuit Against Reading International

Los Angeles, California, - (BUSINESS WIRE) – July 13, 2016 – Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") and Messrs. Whitney Tilson and Jonathan M. Glaser, acting on behalf of various funds that they manage (the "Plaintiff Stockholders"), have announced that the Plaintiff Stockholders have withdrawn all of their alleged claims (the "Derivative Claims") in the previously filed derivative lawsuit in the District Court of the State of Nevada for Clark County. Collectively, the Plaintiff Stockholders own approximately 845,000 shares, representing approximately 3.6% of the outstanding equity of our Company. Through their various funds, Mr. Glaser has been a significant stockholder of Reading since 2008, and Mr. Tilson has been a significant stockholder since October 2014.
Commenting on the withdrawal of the lawsuit, the Company stated, "We are pleased that Mr. Glaser and Mr. Tilson have agreed to dismiss their claims. We remain focused on building long term value for all stockholders."

Mr. Tilson stated that the Plaintiff Stockholders brought the Derivative Claims as a result of the allegations contained in a derivative action filed by Mr. James J. Cotter, Jr. on June 12, 2015, in the District Court of the State of Nevada for Clark County. As stockholders in the Company, Messrs. Tilson and Glaser wanted to ensure that the interests of all stockholders were being appropriately protected. In connection with the litigation, the Plaintiff Stockholders conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Tim Storey and James Cotter, Jr. Following their efforts on behalf of all stockholders, Messrs. Tilson and Glaser have concluded that the Reading Board of Directors has acted in good faith and has been and remains committed to acting in the interests of all stockholders. Continuing with their derivative litigation would provide no further benefit.

Messrs. Glaser and Tilson stated, "We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family-or entities they control-have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."

In connection with the dismissal of the Derivative Claims, the parties have agreed to mutual general releases with each party bearing his, her or its own legal fees and expenses. Further, the parties will petition the court for approval of the settlement.

About Reading International, Inc.

Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning, and operating real estate assets. Our business consists primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia and New Zealand; and
- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various brands:

- in the United States, under the
    - Reading Cinema brand (http://www.readingcinemasus.com);
    - Angelika Film Center brand (http://www.angelikafilmcenter.com);
    - Consolidated Theatres brand (http://www.consolidatedtheatres.com);
    - City Cinemas brand (http://www.citycinemas.com);
    - Beekman Theatre brand (http://www.beekmantheatre.com);

- The Paris Theatre brand (http://www.theparistheatre.com);
- Liberty Theatres brand (http://libertytheatresusa.com); and
- Village East Cinema brand (http://villageeastcinema.com).

- in Australia, under the

  - Reading Cinema brand (http://www.readingcinemas.com.au);
  - Newmarket brand (http://readingnewmarket.com.au); and
  - Red Yard brand (http://www.redyard.com.au).

- in New Zealand, under the

  - Reading Cinema brand (http://www.readingcinemas.co.nz);
  - Rialto brand (http://www.rialto.co.nz);
  - Reading Properties brand (http://readingproperties.co.nz);
  - Courtenay Central brand (http://www.readingcourtenay.co.nz); and
  - Steer n' Beer restaurant brand (http://steernbeer.co.nz).

For more information from Reading International, Inc., contact:
Dev Ghose
Executive Vice President & Chief Financial Officer
(213) 235-2240
or

Andrzej Matyczynski
Executive Vice President for Global Operations
(213) 235-2240
For more information from Plaintiff Stockholders, Whitney Tilson and Jonathan Glaser, contact:
Robertson & Associates, LLC
Alexander Robertson, IV
(818) 851-3850

Tab 13

SACOM
MARK G. KRUM (Nevada Bar No. 10913)
MKrum@LRRC.com
LEWIS ROCA ROTHGERBER CHRISTIE LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
(702) 949-8200
(702) 949-8398 fax

Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc.,

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT, et al.,

Plaintiffs,

vs.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG

CASE NO. A-15-719860-B
DEPT. NO. XI

Coordinated with:

CASE NO. P-14-082942-E
DEPT. NO. XI

CASE NO. A-16-735305-B
DEPT. NO. XI

Jointly administered

~~[PROPOSED]~~ SECOND AMENDED VERIFIED COMPLAINT

[Business Court Requested: [EDCR 1.61]

[Exempt From Arbitration: declaratory relief requested; action in equity]

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

For his complaint herein, plaintiff James J. Cotter, Jr. hereby alleges the following:

NATURE OF THE CASE

1. This action arises from breaches of fiduciary duty by the individual defendants, each of whom is a member of the board of directors of Reading International, Inc. ("RDI" or the "Company"), a public company. In particular and without limitation, Edward Kane ("Kane"), Guy Adams ("Adams") and Douglas McEachern ("McEachern"), together with Ellen Cotter ("EC") and Margaret Cotter ("MC") (collectively, the "Interested Director Defendants"), acted to wrongfully seize control of RDI and to perpetuate that control, to protect and further their personal financial and other interests, in purposeful derogation of their fiduciary obligations as directors of RDI. In doing so, they have squandered if not appropriated corporate opportunities, wasted corporate assets and caused monetary and nonmonetary injury to RDI and its shareholders.

2. These director defendants first threatened James J. Cotter, Jr. ("JJC" or "Plaintiff") with termination as President and Chief Executive Officer ("CEO") of RDI if he failed to resolve trust and estate litigation with EC and MC on terms acceptable to the two of them and to cede control of RDI to them. They threatened to terminate JJC on less than forty-eight (48) hours' notice after EC belatedly provided a purposefully vague agenda for a supposed special meeting. When they understood that Plaintiff had acquiesced to their demand and had reached an agreement with EC and MC acceptable to the two of them, Kane, Adams and McEachern did not act on their termination threat.

3. Next, when JJC failed to consummate a resolution of the disputes with EC and MC, these director defendants acted on their threat and terminated JJC as President and CEO of RDI.

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These director defendants acted without undertaking any semblance of a process to warrant making any decision regarding the status of JJC (or anyone) as President and CEO, and did so in the face of express admonitions by outside directors Timothy Storey ("Storey") and William Gould ("Gould") that the directors had failed to undertake any process that would warrant making any decision about the status of the President and CEO of RDI, much less the decision to remove JJC as President and CEO of RDI. Gould warned the others that, because they had undertaken no process to warrant even making such a decision, they all could be subject to liability. Storey called the lack of process a "kangaroo court," and observed as to the non-Cotter directors that, "as directors we can't just do what a shareholder [, meaning EC and MC,] asks." Not only did these director defendants precipitously terminate JJC as President and CEO of RDI without undertaking any process and on purposefully inadequate notice, they pre-empted and aborted an ongoing and incomplete process that the five non-Cotter directors had put in place in March 2015.

4. Immediately following the termination of JJC as President and CEO of RDI, EC asserted that JJC's executive employment agreement required him to resign from the RDI Board of Directors upon the termination of his employment as an executive. That assertion was erroneous. Gould, who drafted and negotiated that employment agreement, told the RDI Board and told EC and Craig Tompkins on a separate occasion that it did not require JJC to resign as a director. On or about June 15, 2016, EC on behalf of the Company sent JJC a letter reiterating the assertion that he was required to resign as a director upon the termination of his executive employment. On or about June 18, 2015, the Company issued a Form 8-K which, among other things, reiterated that assertion. EC took and caused these actions with the approval of if not active assistance of the other Interested Director Defendants.

5. Kane has a decade's long *quasi*-familial relationship with EC and MC, who call him "Uncle Ed." Adams is financially dependent on income from companies and deals that EC and MC control. What each of Kane, Adams and McEachern did was to choose sides in family disputes between EC and MC, on one hand, and JJC, on the other hand, which disputes included certain trust and estate litigation commenced by EC and MC against JJC following the September 2014 passing of their father, James J. Cotter, Sr. ("JJC, Sr."), particularly regarding voting control

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of RDI, and included disputes about whether EC and MC would report to their "little brother," who succeeded JJC, Sr. as CEO of RDI, or to anyone, as a practical matter.

6. EC and MC have at all times acted purposefully to protect and further their own personal financial and other interests to the detriment of RDI and all of its shareholders other than them. They regularly sought, and often received, money, benefits, titles, positions and/or promotions they would not have received but for their status as potential controlling shareholders, including EC being appointed and compensated as CEO in January 2016 and MC being appointed and compensated as Executive Vice President-Real Estate Management and Development-NYC ("EVP-RED-NYC") in March 2016.

7. Since wrongfully seizing control of RDI, each of the Interested Director Defendants also have engaged in a systematic misuse of the corporate machinery of RDI. They have done so to preserve and perpetuate their control of RDI. They also have acted to further their own financial and other interests. Since joining the RDI Board of Directors, defendants Judy Codding ("Codding") and Michael Wrotniak ("Wrotniak") also have acted to protect and advance the personal interests of EC and MC, and their own as well. All such complained of actions were in derogation of these defendants' fiduciary duties to RDI and its shareholders.

8. The Interested Director Defendants effectively eliminated Plaintiff, Storey and Gould as functioning members of RDI's Board of Directors by, among other things, a purported executive committee of RDI's Board of Directors. The executive committee ("EC Committee") was populated by EC, MC, Kane and Adams. The EC Committee purportedly possesses the full authority of RDI's full Board of Directors. Gould has acquiesced to if not cooperated with the ongoing self-dealing of these five defendants, who forced Storey to "retire" as a director and added to the Board unqualified persons loyal to EC and MC by virtue of pre-existing personal friendships, namely, Codding and Wrotniak.

9. EC with the approval if not assistance of other director defendants has withheld and manipulated board agendas and meetings, including by belatedly providing a vague agenda for the May 21, 2015 supposed special meeting, and has withheld and manipulated minutes of Board of

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Directors meetings, including the supposed meetings of May 21 and 29 and June 12, 2015. They did so in an effort to conceal their fiduciary breaches and avoid liability for such breaches.

10. On or about September 17, 2015, EC and MC acted to exercise a supposed option claimed held by the estate of JJC, Sr. (the "Estate"), of which they are executors, to acquire 100,000 shares of RDI Class B voting stock. On or about September 21, 2015, Kane and Adams, as directors and as members of the Compensation Committee, authorized the request of EC and MC that the Estate be allowed to exercise that supposed option. In doing so, Kane and Adams breached their fiduciary duties, including for the reasons alleged herein.

11. EC on or about October 5, 2015 proposed adding Codding, a close and long-standing friend of the mother of the Cotters, Mary Cotter, with whom EC lives, to RDI's Board of Directors. Without performing or causing competent, basic due diligence, Kane, Adams and McEachern agreed. So did Gould, though he had learned of Codding only days prior. Codding has no expertise in either of RDI's principal business segments, cinema operations and real estate development, and has no public company corporate governance expertise. Plaintiff is informed and believes that Codding was selected because she is expected to be loyal to EC and MC.

12. EC and MC determined that Storey would not be nominated to stand for reelection as a director at the 2015 ASM, which had been set for November 10, 2015. Plaintiff is informed and believes that this decision was made in part because Storey had insisted that the RDI Board of Directors act to protect and further the interests of all shareholders, not just EC and MC. Kane, Adams and McEachern, purporting to act as a one time special nominating committee, agreed to and implemented the decision of EC and MC to not nominate Storey to stand for reelection as a director at the 2015 ASM. Adams and/or McEachern pressured Storey to "retire." The supposed nominating committee, acting at the direction and request of EC and MC, then selected Wrotniak to replace Storey. Wrotniak does not have expertise in either of RDI's principal business segments, cinema operations and real estate development, and has no public company corporate governance experience. Wrotniak's wife is a long-time, close personal friend of MC. Plaintiff is informed and believes that Wrotniak was chosen because MC and EC expect him to be loyal to them.

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13. As an integral part of their scheme to seize control of RDI and to perpetuate their control of RDI to further their personal financial and other interests, EC and MC systematically failed to make timely and accurate disclosures and SEC filings they were required to make, and systematically made materially misleading if not inaccurate disclosures, including as alleged herein. EC and MC, with the active assistance or at least knowing acquiescence of Kane, Adams, McEachern and Gould, as well as Codding and Wrotniak after they became RDI directors, also caused the Company to make materially misleading if not inaccurate disclosures, including in the Proxy Statements issued by the Company in connection with the 2015 Annual Shareholders Meeting and the 2016 Annual Shareholders Meeting, and in Form 8-Ks issued regarding the matters alleged herein, including as alleged herein.

14. Promptly following the termination of JJC as President and CEO, EC was appointed interim CEO. EC selected Korn Ferry as the outside search firm the Company would use to conduct the search for a permanent CEO. A stated rationale for that selection was that Korn Ferry would employ a proprietary candidate evaluation process to evaluate the finalists. The three finalists each were to be interviewed by the full board of directors. EC appointed MC, McEachern and Gould as members of the CEO search committee. Members of the search committee and certain executives selected by EC and MC provided input to Korn Ferry, which prepared a document listing specifications which were used to identify CEO candidates. Months later, just prior to initial interviews of CEO candidates, EC allegedly announced that she was a candidate to be President and CEO and resigned from the search committee, for which she had acted as chairperson. McEachern and Gould allowed MC to remain on the committee and proceeded with candidate interviews. After interviewing EC, however, they agreed with MC to abort the search process and agreed to have Korn Ferry not perform the proprietary candidate evaluations of finalists it had been engaged to perform and not to present the three finalist candidates to the full board to be interviewed. MC, McEachern and Gould presented EC to the full Board of Directors as the choice for CEO, which the individual director defendants approved with little if any deliberation, after having not participated in nor been kept apprised of CEO search activities for months prior.

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15. On or about March 10, 2016, MC was appointed EVP-RED-NYC. In that position, MC became the senior executive at RDI responsible for the development of its valuable New York City properties often referred to as Union Square and Cinemas 1, 2 & 3 (the "NYC Properties"). However, MC has no real estate development experience. She is demonstrably unqualified to hold that senior executive position. As EVP-RED-NYC, MC was awarded a compensation package that includes a base salary of $350,000 and a short-term incentive target bonus of $105,000 (30% of her base salary), and was granted a long-term incentive of a stock option for 19,921 shares of Class A Common Stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan. Additionally, the Compensation Committee, consisting of Adams, Kane and Codding, and the Audit and Conflicts Committee, comprised of Kane, McEachern and Wrotniak, in or about March 2016 each approved so-called "additional consulting fee compensation" of $200,000 to MC. In effect, MC was given a $200,000 gift. The Compensation Committee also recommended and the RDI Board of Directors (meaning all of the individual director defendants) also approved payment of $50,000 to Adams for what subsequently was described as "extraordinary services provided to the Company and devotion of time in providing such services." These after-the-fact payments in effect were gifts.

16. On or about May 31, 2016, third parties unrelated to the Cotters made an unsolicited all cash offer to purchase all of the outstanding stock of RDI at a purchase price of $17 per share. That was approximately thirty-three percent (33%) in excess of the prices at which RDI stock was trading at the time. None of the individual director defendants engaged independent counsel or a financial advisor to advise them with respect to the offer. Nor did they undertake any other independent actions to make an informed, good faith determination of how to respond to the unsolicited offer. Instead, they deferred to EC, who allowed the response date in the offer to pass and who subsequently reported to the full Board of Directors orally that internal management had generated a supposed valuation of the Company, which valuation pegged the value of the company at well in excess of both the price at which RDI stock traded and the above market price the third parties offered to buy all outstanding RDI stock. The individual director defendants agreed that the offer was inadequate and agreed to not pursue the offer.

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PARTIES

17. Plaintiff James J. Cotter, Jr. (JJC) is and at all times relevant hereto was a shareholder of RDI. JJC also has been a director of RDI since on or about March 21, 2002. Involved in RDI management since mid-2005, JJC was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. He was appointed CEO by the RDI Board on or about August 7, 2014, immediately after JJC, Sr. resigned from that position. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. JJC presently owns 770,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock, and is co-trustee and beneficiary of the James J. Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539 shares of RDI Class A (non-voting) stock and 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

18. Defendant Margaret Cotter (MC) is and at all times relevant hereto was a director of RDI. MC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure control of RDI Class B stock sufficient to elect RDI's directors. MC became a director of RDI on or about September 27, 2002. MC is the owner and President of OBI, LLC, a company that provides theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. Commencing in or before the Fall of 2014, MC sought to become an employee of RDI. In particular, MC sought to be the senior person at RDI responsible for development of highly valuable real estate in New York City owned directly or indirectly by RDI, *i.e.*, the NYC Properties. MC opposed the hiring of a senior executive experienced in real estate development. EC with the approval and active assistance of the other individual defendants on or about March 10, 2016, made MC EVP-RE-NYC. As such MC is the senior person at RDI directly responsible for development of the NYC Properties. MC had and has no real estate development experience.

19. Defendant Ellen Cotter (EC) is and at all times relevant hereto was a director of RDI. EC is engaged in trust and estate litigation against JJC, by which she seeks, among other

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things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure control of RDI Class B voting stock sufficient to elect RDI's directors. She became a director of RDI on or about March 13, 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. EC was appointed interim CEO on or about June 12, 2015 and was appointed CEO in January 2016.

20. Defendant Edward Kane (Kane) is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately October 15, 2009. By Kane's own admission, he was made a director of RDI because he was a friend of JJC, Sr., the now deceased father of JJC, EC and MC. By Kane's own admission, he neither had nor has skills or expertise to add value as a director of RDI, except possibly with respect to certain tax matters. Kane has sided with EC and MC in their family disputes with Plaintiff, launching vicious *ad hominem* attacks against those such as Gould who have expressed unfavorable opinions relating to either or both MC and EC, and lecturing JJC about how he (Kane) is implementing Corleone ("Godfather") style family justice in dealing with JJC. Nevertheless, Kane has acknowledged that JJC is the person most qualified to be CEO of RDI. Kane sold all of the RDI options he then owned on or about May 27, 2014.

21. Defendant Guy Adams (Adams) is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI on or about January 14, 2014. Almost all of Adams' recurring income is paid to him by Cotter family businesses over which EC and MC exercise control. For that reason, among others, Adams is financially dependent on EC and MC. For those reasons and others, including that Adams has a financial interest in assets controlled directly or indirectly by EC and/or MC, Adams was and is not a disinterested director for the purposes of any decision to terminate JJC as President and CEO of RDI or any other decision of interest to EC and/or MC, including matters relating to their compensation. Adams sold all of the RDI options he then owned on or about March 26, 2015. He was paid $50,000 for reported "extraordinary services provided to the Company and devotion in time in providing such services" in or about March 2016, and had been granted options only a few months earlier. Until he resigned in or about May 2016, Adams was at all relevant times a member of the RDI Board of

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Directors Compensation Committee.

22. Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI on or about May 17, 2012. McEachern acted to protect and preserve his personal interests, and chose the side of EC and MC in their family disputes with JJC, including by agreeing as an RDI director to threaten and to terminate JJC as President and CEO of RDI, and thereafter by misusing his position as a director to protect and further the personal interests of EC and MC, as well as his own, purposefully acting in ways he knew were detrimental to RDI and its public shareholders, including by pressuring Storey to resign from RDI's Board of Directors.

23. Defendant William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould was appointed a director on or about October 15, 2004. Gould approved minutes for the board meetings at which the subject was the termination of JJC as President and CEO, which minutes Gould knew to contain inaccuracies. Gould failed to cause the Company to correct the materially misleading if not inaccurate Form 8-K filed on or about June 18, 2015. Gould effectively abdicated his responsibilities as a director, including by acceding to the EC Committee, agreeing to the appointment of unqualified persons to the RDI board following effectively no deliberation by him and by participating in the CEO search, which was aborted if not manipulated.

24. Defendant Judy Codding (Codding) at all times relevant hereto was and is an outside director of RDI. Codding became a director of RDI on or about October 5, 2015. Codding supposedly was elected to fill a board seat that had been vacant since August 2014. Codding has never served as the director of a public company and possesses no personal experience in either of RDI's principal businesses, real estate development and cinemas. Plaintiff is informed and believes that Codding was selected by EC and added to the RDI Board of Directors because of Codding's long-standing personal relationship with Mary Cotter, with whom EC now lives. Codding as a director of RDI has acted to advance and protect the personal interests of EC and MC, to the detriment of other RDI shareholders, including by voting to make EC CEO after the CEO search process was aborted, by voting to make MC EVP-RED-NYC, by voting to

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provide MC with what amounted to a $200,000 gift, and by her acts and omissions in response to an offer by a third-party to purchase all of the stock of RDI at a cash price above which it trades in the open market.

25. Defendant Michael Wrotniak (Wrotniak) at all times relevant hereto was and is an outside director of RDI. Wrotniak became a director of RDI on or about October 12, 2015. Wrotniak was elected to fill a board seat that had been vacated by the supposed retirement of former RDI director Tim Storey on October 11, 2015, which so-called retirement in fact was precipitated by EC and MC, with the supposed special nominating committee giving Storey the choice of resigning and receiving a severance package or simply not being nominated to stand for reelection. Wrotniak has never served as a director of a public company and possesses no expertise in either of RDI's principal businesses, real estate development and cinemas. Plaintiff is informed and believes that Wrotniak was added to the RDI Board of Directors because of Wroniak's wife's long-standing close personal relationship with MC. Wrotniak as a director of RDI has acted to advance and protect the personal interests of EC and MC, to the detriment of other RDI shareholders, including by voting to make MC EVP-RED-NYC, by voting to provide MC with what amounted to a $200,000 gift, by voting to make EC CEO after the CEO search process was aborted, and by his acts and omissions in response to an offer by a third-party to purchase all of the stock of RDI at a price above which it trades in the open market.

26. Nominal defendant Reading International, Inc. (RDI) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange Commission (the "SEC"), an internationally diversified company principally focused on the development, ownership and operation of entertainment and real estate assets in the United States, Australia and New Zealand. The Company operates in two business segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real estate, including real estate development and the rental of retail, commercial and live theater assets. The Company manages world-wide cinemas in the United States, Australia and New Zealand. RDI has two classes of stock, Class A stock held by the investing public, which stock exercises no voting rights, and Class B stock, which is the sole voting stock with respect to the election of directors. An overwhelming majority

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(approximately eighty percent (80%)) of the Class A stock is legally and/or beneficially owned by shareholders unrelated to JJC, EC and MC. Approximately seventy percent (70%) of the Class B stock is subject to disputes and pending trust and estate litigation in California between EC and MC, on the one hand, and JJC, on the other hand, and a probate action in Nevada. Of the Class B stock, approximately forty-four percent (44%) is held in the name of the Trust. RDI is named only as a nominal defendant in this derivative action.

27. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants named and identified herein as Does 1 through 100, inclusive, are currently unknown to Plaintiff. Plaintiff, therefore, sues said Defendants by such fictitious names and will amend his Complaint to show their true names and capacities upon ascertaining the same. Upon information and belief, each of the Defendants sued herein as Doe has some responsibility for the damages arising as a result of the matters herein alleged.

ALLEGATIONS COMMON TO ALL CLAIMS

General Background

28. Since approximately 2000, and until he resigned as Chairman and CEO of RDI on or about August 7, 2014, James J. Cotter, Sr. (JJC, Sr.) was the CEO and Chairman of the Board of Directors of RDI. Additionally, JJC, Sr. (according to RDI filings with the SEC, among other things) through the Trust controlled approximately seventy percent (70%) of the Class B voting stock of RDI. As such, JJC, Sr. unilaterally selected and elected the board of directors.

29. For all intents and purposes, JJC, Sr. ran the Company as he saw fit, without meaningful oversight or input from the board of directors. According to Kane, JJC, Sr. "did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements." Kane himself acted as if his job as a director was to protect and further the interests of his life-long friend and benefactor, JJC, Sr., not to protect and further the interests of RDI and its shareholders. With the passing of JJC, Sr., Kane also acknowledged that it was "time to change this approach and appoint individuals that could offer solid advice and counsel, such as some NYC real estate people and/or NYC people with political know-how that we might need if we are to develop our valuable assets there."

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30. Recognizing JJC, Sr.'s control of the Company, the board asked that he provide them with a succession plan. He did so in or about December 2006, and the RDI board implemented it. The succession plan was to have JJC assume JJC, Sr.'s position when JJC, Sr. retired or passed, as the case may be.

31. Since 2005, JJC was involved in most RDI executive management meetings and privy to most significant internal senior management memos. JJC was appointed Vice Chairman of the RDI board in 2007. The RDI board appointed JJC President of RDI on or about June 1, 2013, which responsibilities he filled without objection by the RDI board of directors.

32. On or about September 13, 2014, JJC, Sr. passed. Soon thereafter, trust and estate litigation was commenced by his daughters, MC and EC, against JJC, which litigation involved the issue of whether MC or JJC, or both, would serve as trustees of the voting trust that controlled or would control the RDI voting stock previously controlled by JJC, Sr., among other things.

33. As President and CEO of RDI, JJC alienated his sisters because he acted to protect and further the interests of RDI and all of its shareholders, repeatedly rebuffing the efforts of MC and EC to advance their own interests, as well as efforts by Kane and others to protect and further the interests of MC and EC, as well as their own interests, all to the detriment of the Company and its other shareholders. For example, JJC questioned and/or rejected purported expenses EC and MC sought to have RDI pay. In one instance, EC attempted to charge RDI for an expensive Thanksgiving dinner with her mother, sister and sister's children, which effort Plaintiff rejected. In another instance, MC sought to charge RDI for certain expenses of her father's funeral.

34. JJC insisted that RDI employ an executive with experience in real estate development to be the senior person at RDI overseeing RDI's domestic real estate development business, including the NYC Properties. MC resisted. MC wanted to be employed by RDI and to secure lucrative compensation and/or benefits she otherwise would not receive. MC wanted to be the senior person at RDI responsible for development of the NYC Properties. However, she is unqualified to do so. MC has no real estate development experience.

35. Frustrated by Plaintiff's refusal as President and CEO to accede to their demands for titles, positions, promotions, employment contracts and money from RDI, and with MC in

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jeopardy of losing her lucrative consulting arrangement to manage live theater operations due to the Orpheum Theatre debacle described herein, MC and EC agreed to act together and acted to protect and advance their personal interests by seizing and acting to perpetuate control of RDI. To that end, EC secured the agreement of defendants Kane, Adams and McEachern to choose sides in their family dispute with JJC.

36. Kane, Adams and McEachern threatened Plaintiff with termination unless he resolved his disputes with EC and MC on terms dictated by the two of them. When they understood that Plaintiff had acquiesced, they relented. When they learned that he had not acquiesced, they fired Plaintiff as President and CEO of RDI and thereafter acted to perpetuate their control of RDI.

EC and MC Act To Further Their Own Interests; Kane Assists and Does Too

37. Soon after JJC, Sr. passed, EC sought an employment agreement and a promotion. Plaintiff is informed and believes that EC did so in part because she was fearful that JJC, acting to protect and further the interests of the Company, would fire her, notwithstanding the fact that he had never expressed any intention of doing so. Soon after JJC, Sr. passed, EC also sought a raise. The claimed impetus for the requested raise was to qualify for a loan on a Laguna Beach, California condominium.

38. Kane, who has a decade's long quasi-familial relationship with each of MC and EC, who call him "Uncle Ed," acted to ensure that EC would obtain the loan she sought, described above. To that end, Kane, purporting to act as chairman of the RDI Compensation Committee, signed a letter on RDI letterhead to EC's lender that represented that the Committee "anticipate[d] a total cash compensation increase of no less than 20%" for EC "effective no later than January 1, 2015." Despite JJC pointing out that sending such a letter to EC's bank was inappropriate, EC executed the letter on behalf of Kane.

39. Also, in October 2014, Kane prompted the RDI board to provide EC a "bonus" of $50,000, on account of a supposed error by the Company in connection with the issuance of RDI stock options EC had exercised in 2013. No other similarly situated RDI executive received such a "bonus," which was tantamount to a gift or other unearned compensation given to EC from the

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coffers of RDI. With EC as interim CEO and now CEO, the Company, EC and McEachern have taken the opposite position with JJC.

40. Separately, commencing shortly after JJC, Sr.'s death on September 13, 2014, Kane began pressing Plaintiff as President and CEO to recommend to the RDI board, and thereby effectively approve, increases in directors' fees and consideration paid to Kane and other outside board members. Kane and the other outside directors were successful in increasing their compensation, including by way of supposed one-time and/or special fee awards, including as alleged herein.

MC And EC Bring Cotter Family Disputes To RDI

41. Notwithstanding the fact that Plaintiff had been President of RDI since 2013, notwithstanding the fact that JJC, Sr. and the RDI board had implemented a succession plan pursuant to which Plaintiff would succeed JJC, Sr. as CEO of RDI after substantial preparation, and notwithstanding that JJC, Sr.'s testamentary disposition memorialized to EC and MC his intention that JJC serve as President of RDI, MC and EC resisted and sought to avoid reporting to JJC. For example, EC in October 2014 sought to have EC and MC report to an executive committee, not Plaintiff as CEO. Later, when Plaintiff as CEO of RDI sought to engage in substantive communications with MC about the live theater business for which she was responsible, MC refused to have substantive communications with Plaintiff about such matters.

42. The non-Cotter board members, faced with the personal disputes MC and EC had with JJC, including the pending trust and estate litigation, took steps to protect and enhance their personal interests. The RDI board of directors on January 15, 2015 determined to purchase a directors and officers insurance policy (which it never had before) with a limit of $10 million. At the time, they also determined that stock option grants to individual directors made previously would vest immediately and further determined that January 15, 2015 would be the date on which to establish the stock price for option purposes.

43. In a private session of the non-Cotter directors on January 15, 2015, they discussed and agreed upon a course of action put forth by EC and MC which initially was proposed to be the first two paragraphs quoted below, but after discussion became all three. They resolved and

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approved, with Plaintiff, EC and MC abstaining, as follows:

> "The CEO [,JJC,] cannot terminate the employment of Ellen Cotter unless a majority of the independent directors concur with the CEO's recommendation to terminate Ellen Cotter;
>
> The CEO [,JJC,] cannot terminate the existing Theater Management Agreement of Ms. Margaret Cotter unless a majority of the independent directors concurs with the CEO's recommendations to terminate such Theater Management Agreement; and
>
> The CEO [,JJC,] cannot be terminated without the approval of the majority of the independent directors."

JJC Succeeds As President And CEO; MC And EC Continue To Object

44. Plaintiff's work as CEO was recognized as successful by the stock market. RDI stock was trading at $8.17 per share when Plaintiff became CEO but, by approximately the end of 2014, had traded as high as $13.26 per share and, in the Spring of 2015, traded at over $14.45 per share.

45. One analyst described the successes of JJC as President and CEO as follows:

> Management Catalysts
> RDI has historically suffered from a control discount. The dual class structure created a situation where the Cotter family owned approx. 30% of outstanding shares, but 70% of class B voting stock. James Cotter Sr., the longtime CEO, made little effort to promote the company and was slow to monetize assets and unlock the value even though he did acquire assets smartly and did a good job of operating the business. Over the past two years, asset monetization has moved ahead and seems to be a sign of things to come. In early August, James Cotter, Sr., resigned from serving as the Company's Chairman and CEO and recently passed away. Cotter's son Jim has taken over the CEO position. We think that Jim has already been a positive influence in terms of value realization during the last year. We believe that Jim was instrumental in pushing not only the sales of important Australian assets, but also the share buyback. He is also seeking other ways to increase value (e.g. considering ways to further monetize the Angelika brand). We expect the stock will move much closer to fair value once definitive announcements are made around the New York City assets and other smaller asset monetization announcements in the next 12 months. The two New York assets discussed have appreciated significantly in recent years and are a part of the value here. It is also worth noting that RDI also owns other valuable, underutilized real estate (including Minetta Lane Theater, Orpheum Theater, Royal George in Chicago, etc.) that could ultimately be redeveloped and create incremental value for shareholders.

46. After meeting JJC in person in October 2014, one large stockholder commented, "I

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came away from our meeting with a firm view that you care about shareholders and that both you and us will be nicely rewarded over time…I intend to remain a long-term partner. I am confident that if you continue to buy back stock and the investment community begins to believe that you, as a leader, will act in the best interests of shareholders, the stock price will be considerably higher." The stock price did move considerably higher.

47. On June 1, 2013, when JJC was appointed President of RDI, the stock price was only $6.08 per share. By May 31, 2015, The Street Ratings upgraded their recommendation of RDI to a "buy" or "purchase." On June 4, 2015, RDI Class A stock traded in the public marketplace as high as $14.45 per share.

48. MC and EC objected to Plaintiff's on-going, successful efforts as President and CEO of RDI which, though in the best interests of all RDI shareholders, including the public non-Cotter family shareholders, were viewed by MC and EC as not in their personal interests. MC and EC have preferred that the price at which RDI Class A stock traded be artificially depressed and preferred that the conduct of the Board and senior management not be scrutinized.

49. By their actions and statements, including but not limited to their demands for additional compensation and employment agreements, MC and EC made clear that their personal interests were paramount, and that they would act to protect and further their personal interests, to the detriment of the interests of RDI and its other shareholders.

JJC Complies With Board Processes, MC And EC Prompt The Termination of Such Processes

50. In March 2015, the non-Cotter directors appointed director Storey to function as their representative or ombudsman to work with JJC as CEO, including by acting as a facilitator with EC and MC.

51. On behalf of the non-Cotter directors, one or both of Gould and Storey advised MC and EC and Plaintiff that the process the non-Cotter directors had put in place, involving director Storey as ombudsman, would continue through June 2015, at which time an assessment would be made of the situation, including in particular the extent to which each of the three of them had cooperated in the process and had undertaken to improve their working relationships and to

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sustain improved working relationships.

52. From that point forward, Plaintiff worked with director Storey in the manner Storey on behalf of the non-Cotter directors had requested. However, MC and EC did not, including as otherwise averred herein, including by refusing to do certain things requested by Plaintiff, which Storey had agreed were in the best interests of RDI. They also complained to Kane about Storey.

53. Although MC for months had refused to have substantive discussions with Plaintiff about the live theater business operations for which she was responsible, and for months had failed and refused to produce even the most rudimentary of business plans, she nevertheless pushed to be provided an employment agreement with RDI. For example, on May 4, 2015, by which time the Orpheum theater debacle had come to light, and by which time she had provided no business plan whatsoever, she emailed Plaintiff, stating "any idea when this employment agreement of mine that you have been working on for months will be presented?"

The Outside Directors Demand and Receive Money and Stock Options

54. In the same time frame, the non-Cotter directors were seeking additional compensation. In particular, Kane pushed Plaintiff to provide all non-Cotter directors other than director Storey an extra $25,000 for the first six months of 2015, with the understanding "that at year-end we will be asking for an additional payment."

55. With respect to director Storey, who resides in New Zealand and had taken no fewer than a half dozen trips to Los Angeles in furtherance of his role as the representative or ombudsman of the non-Cotter directors in interfacing with Plaintiff, on the one hand, and MC and EC, respectively, on the other hand, Kane's proposal was that Storey receive an additional $75,000 for the first six months of 2015, in recognition of the ongoing time and effort Storey was expending as the representative or ombudsman for the non-Cotter directors.

56. Plaintiff advised Kane that he had some reservations about the additional compensation Kane proposed providing to the non-Cotter directors.

MC's Orpheum Theatre Debacle Puts Her In Jeopardy

57. RDI's Proxy Statement filed with the SEC in connection with the annual meeting of RDI stockholders that occurred in 2014 described MC's role in relevant part as "the President

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of Liberty Theatres, the subsidiary through which we own our live theaters. [MC] manages the real estate which houses each of four live theaters [including the one which is the principle source of revenue, the Orpheum Theatre,] [and as such] secures leases, manages tenancies, oversees maintenance and regulatory compliance on the properties. . . ."

58. MC's diligence and candor, or lack of one or both, were called into question by her handling of the relationship with the Stomp Producers. The Stomp Producers, the tenant at the RDI owned Orpheum Theatre and the source of a majority of RDI's live theater revenues, gave notice on April 23, 2015 of termination of the lease for cause.

59. MC had been aware of the alleged issues raised by the Stomp Producers for months. In particular, by email and correspondence dated February 6, 2015, the Stomp producers wrote to MC and complained "about the maintenance and upkeep of the Orpheum Theatre." They further stated in their February 6, 2015 letter to MC as follows:

> "Nothing in this letter is new to you as we and our employees have been in almost constant contact about recurring problems at the theater, but there is now an urgent need to attend to this matter on an immediate and comprehensive, rather than piecemeal, bases . . . ."

60. Prior to receipt of the April 27, 2015 notice of termination, MC failed to disclose the February 6, 2015 letter or the substance of it or that the Stomp Producers told MC on April 9, 2015 that they were going to vacate the theater or even the situation with the Stomp Producers generally to Plaintiff, to the Company's General Counsel or to any outside member of the RDI board of directors. In doing so, she breached her fiduciary obligations as a director.

61. Upon learning of the Stomp Producer's notice to terminate, director Gould stated an assessment to the effect that MC's handling of the situation (independent of the merits or lack of merits of the claims of the Stomp Producers), including not notifying anyone about the risk that the Company could lose a material portion of its live theater business income, could be grounds for termination.

Kane Chooses Sides in a Family Dispute

62. Responding to complaints by EC and MC about Storey, Kane concluded that JJC had allowed Storey to come between him and his sisters. Kane chose the sisters' side in their

disputes with JJC. Kane communicated privately with Adams about terminating JJC as President and CEO of RDI.

63. Kane's quasi-familial relationship and visceral support of MC and EC has been evidenced by, among other things, stunning *ad hominem* invectives directed at directors Gould and Storey, as well as by rants to JJC about "The Godfather" and the Corleone family from that series of movies, even including a suggestion that termination of JJC would be analogous to the murder of someone disrespecting a Corleone family member.

Adams Is Beholden To MC And EC

64. In or about 2007 or 2008 (according to Adams' own sworn testimony in a recent divorce proceeding), Adams' business of an activist investor, by which he invested monies he raised privately, failed after he lost approximately seventy percent (70%) of the monies invested with him. Since that time, Adams has been unsuccessful in reviving that business and, for all intents and purposes, has been unemployed. He has described it as a "sabbatical."

65. EC secured Adams' agreement to serve as interim CEO of RDI after termination of JJC. Holding that position would be of value to Adams in terms of any additional compensation he would receive.

66. On or about July 10, 2013, Adams entered into an agreement whereby Adams was to receive, among other things, cash compensation of $1,000 per week from JC Farm Management Inc. ("JC Farm"), a private company JJC, Sr. owned, as well as carried interests in certain real estate projects, including one by the name of Shadow View. Adams has been paid and continues to be paid the $1,000 per week. Together with his income from RDI, those monies are the monies Adams needs and uses to pay for his day-to-day expenses. Adams also received the carried interests. The value of Adams' carried interests in those real estate projects including Shadow View, including whether it will be monetized and the extent to which it will be monetized for the benefit of Adams, like JC Farm, is contended by MC and EC to be the controlled by the estate of JJC, Sr., of which MC and EC presently are the executors.

67. Based on information provided by Adams in sworn statements in a recent divorce proceeding, the $1000 per month together with other amounts paid to him by Cotter entities over

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which EC and MC exercise control or claim to exercise control amounted to over half (50%) of Adam's (claimed approximate $90,000) income in 2013, at a minimum, and possibly amounted to over eighty percent (80%) of that income.

68. Thus, Adams is financially dependent on MC and EC. Practically, Adams has little choice if any but to accommodate and advance the personal interests of MC and EC, including by helping them seize, consolidate and perpetuate control of RDI, including as alleged herein.

69. For such reasons, Adams was and is not independent generally, and was and is neither independent nor disinterested with respect to matters involving the Cotters, including the disputes between MC and EC, on one hand, and JJC on the other, the decision whether to fire JJC, and compensation and employment decisions regarding EC and MC.

70. In or about March 26, 2015, Adams sold all RDI options he then had, including options he had been granted only a few months earlier. He apparently failed to disclose that he owned RDI options in his divorce proceedings.

71. After Adams' financial dependence on income from Cotter-controlled companies was disclosed in this action, director defendant Gould acknowledged that Adams was not independent for purposes of decisions regarding compensation of any of the Cotters, and Adams, on or about May 14, 2016 resigned from the RDI Board of Directors Compensation Committee.

Defendants Other Than Gould Threaten Plaintiff With Termination If He Fails to Resolve Disputes With EC and MC on Terms Dictated By Them

72. On Tuesday, May 19, 2015, EC distributed a purported agenda for an RDI board of directors meeting scheduled for Thursday, May 21, 2015. The first action item on the agenda was entitled "Status of President and CEO[,]" which in fact was the agenda item to raise an issue previously never discussed at an RDI Board of Directors meeting, namely, termination of JJC as President and CEO of RDI. EC purposefully had not previously distributed the agenda earlier. EC purposefully chose the phraseology "status of President and CEO." She did both to conceal the fact that the meeting was specially called to concern the termination of JJC as President and CEO. The agenda was untimely and deficient.

73. Prior to May 19, 2015, each of Adams, Kane and McEachern communicated to EC

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and/or between or among themselves their respective agreement to vote as RDI directors to terminate JJC as President and CEO of RDI.

74. In the face of objections by directors Gould and/or Storey that the non-Cotter directors had not undertaken an appropriate process to make any decision regarding whether or not to terminate the President and CEO of RDI, and a request that the non-Cotter directors meet before the scheduled May 21 meeting, Kane provided a visceral response to the effect that the outside directors did not need to meet, acknowledging the agreement to vote and admitting that even the pretense of process would not be undertaken because "the die is cast."

75. EC and Adams previously had hired counsel ostensibly representing RDI, Akin Gump, and had that counsel attend the May 21 board meeting at which the first and only item discussed was termination of JJC as President and CEO.

76. Faced with a clear record that the non-Cotter directors had failed to undertake any process, much less an appropriate process, to make a decision regarding whether to terminate JJC as President and CEO, Adams sought to have a discussion about a later item on the agenda that arguably related to JJC's performance. Gould objected. JJC recognized that Adams, Kane and McEachern appeared to have previously determined to vote to terminate him, and that the non-Cotter directors previously had put in place a process (described above) that was to play out through the end of June, at least. Because that process had not been completed, any vote by any of the non-Cotter directors to terminate JJC as President and CEO was in derogation of, and pre-empted, their own process. No substantive discussion of the later agenda items, or of JJC's performance, occurred.

77. The supposed May 21, 2015 special meeting was concluded, with no termination vote having been taken.

78. On Wednesday, May 27, 2015, Texas attorney Harry Susman, one of the lawyers representing MC and EC in the trust and estate litigation, transmitted to Adam Streisand, an attorney representing JJC in the trust and estate litigation, a document outlining terms to which JJC was required to agree to avoid the threatened termination as President and CEO of RDI. The proposal was communicated as effectively a "take-it or leave-it" proposal and was accompanied by

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a deadline of 9:00 a.m. on Friday, May 29 to accept the proposal.

79. Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office**."

80. By the foregoing actions, among others, MC and EC made clear that accepting their take-it or leave-it proposal, which would have resolved matters in dispute in the trust and estate litigation and dispute about control of RDI, was what JJC had to do to avoid being fired as President and CEO of RDI.

81. Also on May 28, 2015, approximately one day after EC and MC's lawyer transmitted the "take-it or leave-it" proposal and one day before the RDI board was to meet, Kane told JJC to accept the take-it or leave-it offer to "end all of the litigation and ill feelings." Among other things, by email on May 28, 2015, Kane stated as follow to JJC:

> "I have not seen the [take it or leave it settlement] proposal. I understand that it would leave you with your title, which is very important to you and which you told me was essential to any settlement . . . if it is take-it or leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, . . . if we can end all of the litigation and ill feelings, -- and their offer to keep you as CEO as a major concession -- . . ."

82. On Friday, May 29, before the supposed RDI special board of directors meeting commenced, EC and MC met with JJC and told him that the document that had been conveyed by attorney Susman on their behalf two days earlier was a take-it or leave-it offer and that, if JJC did not accept it, the RDI board would terminate him as President and CEO. JJC attempted to discuss proposed changes with them, to which EC and MC responded that they would accept no changes. They repeated that if JJC did not accept the agreement as proposed, JJC would be terminated as President and CEO of RDI.

83. Director Gould shortly thereafter came to JJC's office and said that the majority of the non-Cotter board members (meaning Adams, Kane and McEachern) were prepared to vote to terminate him and that the supposed board meeting was about to commence.

84. JJC entered the conference room where the supposed special meeting was to occur. The supposed meeting was commenced and Adams made a motion to terminate JJC as President

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and CEO. JJC observed that Adams was not independent or disinterested, pointing out that a substantial portion of his income came from Cotter entities controlled by EC and MC, as evidenced by sworn testimony Adams had given in his then-recent divorce proceeding. JJC invited Adams to prove otherwise, to which Adams responded that he did not have to do so. One or more of the non-Cotter directors inquired of Adams' financial relationship to Cotter entities, but Adams declined to provide substantive responses.

85. Director Gould opined that it was not the role of the RDI board of directors to intercede in the personal disputes between EC and MC, on the one hand, and JJC, on the other hand, nor to tip the balance of power in those disputes. He further observed that the board should not intercede in personal disputes or attempt at a minimum to maintain the status quo until the courts resolved the trust and estate litigation, and added that he thought JJC had done a good job.

86. Kane offered more personal invective directed to JJC, including comments to the effect that he thought that JJC had "****ed Margaret over with the changes . . . made to the estate" and that JJC "does not have people skills especially with his two sisters . . ."

87. The five outside directors asked JJC to leave the conference room so that they could talk with EC and MC. Next, JJC was advised that the supposed RDI board meeting would be adjourned until at or about 6:00 p.m. that evening. JJC was told that he had until the supposed meeting reconvened that evening to strike a deal with EC and MC, failing which he would be terminated as President and CEO of RDI when the supposed meeting reconvened.

88. The supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015, at which time EC reported that she and MC had reached an agreement in principal with JJC. EC read to the RDI Board of Directors portions of the document attorney Susman had transmitted to attorney Streisand on May 27, 2015, including one that provided for an executive committee of the Board of Directors which, she indicated, would be comprised of EC, MC, JJC and Adams, who would be Chairman. EC concluded that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to counsel for JJC. Ed Kane offered congratulations and commented favorably about Plaintiff remaining CEO. No termination vote was taken. The supposed special meeting concluded.

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89. On Wednesday, June 3, 2015, attorney Susman on behalf of EC and MC transmitted a new document to JJC's trust and estate attorney Streisand. The document contained new terms previously not discussed, much less agreed, by the parties.

90. On Friday, June 5, 2015, attorney Susman left a message for attorney Streisand, the sum and substance of which was that he (Susman) was awaiting word that JJC had agreed to all of the terms in the document. By that message, attorney Susman implied that the document was a "take-it or leave-it" proposal.

91. On June 8, 2015, JJC advised EC and MC that he could not accept their take-it or leave-it document. MC responded that she would advise the RDI board of directors, referencing the threat to have JJC terminated as President and CEO of RDI if he failed to reach a global agreement (including of all trust and estate litigation matters) satisfactory to EC and MC.

92. On June 9, 2015, in furtherance of important ongoing RDI business, JJC asked for a response from MC with respect to a senior executive candidate to oversee RDI's United States real estate, including development of the NYC Properties, which candidate had been endorsed by senior executives at RDI. MC consistently resisted employing such a person because hiring such a person would preclude her from being the senior person at RDI responsible for overseeing development of the NYC Properties. In response to JJC's email, she called him and said, among other things, "you were supposed to be terminated but for a global settlement . . . bye . . . bye."

93. On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board members (and RDI's general counsel) stating, among other things, that "we would like to reconvene the Meeting that was adjourned on Friday, May 29th, at approximately 6:15 p.m. (Los Angeles time.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00 a.m. (Los Angeles time)* . . ." The email purported to further "confirm [] our meeting of the Board of Directors on Thursday, June 18th . . . We will be distributing Agenda and Board package for this Meeting at the end of this week . . ."

94. On Friday, June 12, 2015, a supposed RDI special board of directors meeting was convened. Following through on their prior threat to terminate JJC if he did not resolve all disputes with EC and MC on terms satisfactory to the two of them, Adams, Kane and McEachern

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each voted to terminate JJC, after McEachern made one last effort to pressure JJC, inviting him to resign rather than be terminated. Storey and Gould voted against terminating JJC as President and CEO. EC was elected interim CEO with the expressed intention of immediately initiating a search for a new President and CEO.

95. Additionally, and notwithstanding the fact that both directors and senior executive officers at RDI had agreed that the Company needed to hire an executive with actual real estate development experience to advise the Company with respect to the NYC Properties, and notwithstanding the fact that at least one candidate acceptable to all but MC had been identified, neither that candidate nor any other person was offered the position to oversee RDI's United States real estate. That is because EC, in one of her first acts as interim CEO, suspended the search for such a person until a new CEO was hired, she stated. EC did so to ensure that MC could retain control of activities related to the NYC Properties.

EC and Others Pressure Plaintiff In An Effort to Force Him to Abandon This Action

96. EC, with the active assistance or knowing acquiescence of MC, Kane, Adams, McEachern and Gould, has taken actions to pressure Plaintiff to abandon this action and cede control of RDI to them. The actions taken to pressure Plaintiff include immediately terminating his access to his RDI email account and to RDI's offices and concocting new "policies" and/or "practices" designed to bring financial pressure to bear on Plaintiff. One such activity is impairing his ability to exercise RDI options and to sell RDI stock in a manner consistent with RDI's historical practices.

97. After the purported termination of Plaintiff on or about June 12, 2015, on EC's recommendation, the RDI Board had approved a new so-called insider trading policy. Plaintiff is informed and believes that this supposed policy was created to impair his ability to generate liquidity through the sale of RDI stock, the principal source of Plaintiff's net worth. Given the extremely limited holdings in RDI stock by any director, officer or employee of RDI other than Plaintiff, this supposed policy enables EC to control the disposition of such shares through the imposition of supposed blackout periods, which she has effectively done, with the assistance of Craig Tompkins. Kane and McEachern, who purportedly oversee compensation related and

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related party matters, each have agreed to and cooperated in efforts to prevent Plaintiff from exercising RDI options and selling RDI shares.

98. In an effort to pressure Plaintiff to abandon this action, and to secure his resignation from the RDI Board of Directors, EC on June 15, 2015 transmitted a letter to Plaintiff in which she claimed that the employment agreement entered into by him as an executive (over a decade after he became a director) required him to resign as a director upon his termination as an officer. That letter claimed that his failure to do so constituted a breach of the referenced employment agreement and threatened to terminate payments and benefits to Plaintiff if he did not resign within 30 days of his termination. Shortly thereafter, the Company terminated the health and medical benefits the Company provides to him, his wife and his three children and also terminated severance payments and other benefits.

EC, MC, Kane and Adams Act to Entrench Themselves and Mislead RDI Shareholders

99. Subsequent to terminating Plaintiff, EC, MC, Kane, Adams and McEachern acted to limit if not eliminate the participation in governance of RDI of JJC and directors Storey and Gould. To that end, a previously inactive executive committee of the RDI Board of Directors has been activated (i.e., the "EC Committee"). It has been repopulated so that EC, MC, Kane and Adams are its only members, with only McEachern able to attend any of its meetings as he wishes. The full authority of the RDI Board of Directors purportedly now is held by the EC Committee. By such actions, EC, MC, Kane and Adams purposely impaired if not eviscerated the functioning of RDI's full Board of Directors, selectively replacing it with the EC Committee as EC saw fit. Separately, McEachern as chairman of the Audit and Conflicts Committee barred directors who were not committee members or at least Plaintiff, from attending committee meetings, ending a longstanding practice of allowing all directors to attend.

100. Other fundamental corporate governance practices and protections at RDI have been altered, circumscribed or eliminated. EC, with the active assistance and/or knowing cooperation of MC, Kane and Adams, manipulated and reduced the flow of information to JJC, Gould and Storey as RDI directors, including by failing to timely distribute drafts of prior RDI board of directors meeting minutes and by failing to provide board packages sufficiently in

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advance of board meetings such that board matters were, to the knowledge of JJC, Storey and Gould, impromptu actions (which had been addressed previously by one or more of EC, MC, Kane and Adams).

101. EC, with the active assistance and/or knowing cooperation of MC, Kane, Adams, McEachern and Gould, has caused RDI to disseminate materially misleading if not inaccurate information to its public shareholders. They have done so in an effort to delay if not avoid discovery of the actions of EC, MC, Kane, Adams and McEachern, and to avoid being held accountable for those actions, whether by way of derivative action or otherwise. Among other things, these defendants caused RDI to disseminate the following press release(s) and/or SEC filings, each of which was misleading if not inaccurate by omission, commission or both:

a. RDI on June 15, 2015 issued a press release stating that its board of directors "has appointed [EC] as interim President and [CEO], succeeding [JJC] . . . ." This press release was misleading because, among other things, it failed to address the circumstances of the purported termination of JJC as President and CEO, much less disclose that he purportedly had been terminated, much less that the purported termination was without cause, or even that JJC had filed this action;

b. On or about June 18, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate in several respects, including that it stated that JJC was "required to tender his resignation as a director of [RDI] immediately upon termination of his employment [, that he had not done so and that RDI] considers such refusal as a material breach of [the] employment agreement [] and has given [JJC] thirty (30) days in which to resign . . ." The employment agreement in question, which is an exhibit to the Form 10-Q for period ending June 30, 2013 filed by RDI with the SEC, on its face not only does not require JJC to resign as a director in the event that he is terminated as an executive officer, but on its face contemplates that he may continue to serve as a director, which position he in fact held for many years prior to becoming an officer and entering into the subject employment agreement. Separately, the employment agreement contains a thirty (30) day cure provision with respect to breaches of the agreement which may constitute a basis for termination of JJC for cause, which defendants do not claim occurred here. Therefore, the characterization in the Form 8-K of what the Company has done for thirty (30) days is misleading both as to what the employment agreement provides and what the Company has done, which in fact is to assert that JJC is breach of an agreement which the Company purports to have terminated previously. Additionally, the Form 8-K is materially misleading in describing this action;

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c. RDI has failed to file a Form 8-K with respect to the EC Committee, which is a development that materially deviates from the prior practices of RDI and RDI's SEC disclosures with respect to those practices.

d. On or about October 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate. In particular, the description in that Form 8-K of defendant Storey "retir[ing]" from the RDI Board of Directors is misleading if not inaccurate. As alleged herein, Mr. Storey had been told that he would not be nominated to stand for reelection and he effectively was forced to resign as a director. The Form 8-K also is misleading if not inaccurate insofar as its descriptions of new board members Judy Codding and Michael Wrotniak suggest that their respective experiences described in the Form 8-K, such as Codding having experience in the field of education and/or Wrotniak having "considerable experience in international business, including foreign exchange risk mitigation," were the reasons those two persons were made Directors of RDI. The Form 8-K also is misleading if not inaccurate with respect to those two persons being made directors of RDI because it fails to disclose their respective personal relationships with Cotter family members. As alleged herein, Codding is a personal friend of Mary Cotter and Wrotniak and/or his wife are personal friends of MC.

e. On or about November 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not accurate. It purported to describe the voting results of the 2015 ASM and, in doing so, reflected the (likely purposefully) erroneous results the new inspector of elections, First Coast, have been engaged to provide.

f. On or about January 11, 2016, the Company issued a Form 8-K attaching a press release of that date. The press release included a statement by defendant Gould that said: "After conducting a thorough search process, it is clear that Ellen is best suited to lead Reading moving forward." That statement is materially misleading if not inaccurate, including because it implies erroneously that the selection of EC was the result of a (supposedly) "thorough search process."

g. On or about March 15, 2016, RDI filed with the SEC a Form 8-K which stated, among other things, that the RDI Board of Directors Compensation Committee and its Audit and Conflicts Committee each had approved payment of so-called "additional consulting fee compensation" of $200,000 to MC "for services rendered by her to the Company in recent years outside the scope" of a Theater Management Agreement dated January 1, 2002, between the Company's subsidiary, Liberty Theaters, Inc. and OBI, LLC, an entity wholly-owned by MC. The Form 8-K also stated that the RDI Board of Directors approved "additional special compensation" of $50,000 to be paid to Adams "for extraordinary services provided the Company and devotion of time in providing such services." The Form 8-K was materially misleading if not inaccurate because, among other things, those payments were awarded for reasons other and/or additional to those set in the Form 8-K.

h. On or about July 20, 2016, RDI filed with the SEC a Form 8-K which was materially misleading if not accurate. It purported to describe the voting results

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of the 2016 ASM and, in doing so, reflected the (likely purposefully) erroneous results the inspector of elections, First Coast, have been engaged to provide.

i. On or about July 18, 2016, after failing to file a Form 8-K regarding the offer, the Company issued a press release regarding the offer. It stated that the "Board of Directors, after receiving input from management and its outside advisors, carefully evaluated the [offer]. Following this review, the Board of Directors determined that our stockholders would be better served by pursuing our independent, stand-alone strategic business plan..." The press release was materially misleading if not false because, among other things, no "independent, standalone strategic business plan" has been delivered by management to the Individual Director Defendants, either in connection with the offer or otherwise.

EC, MC, Kane, Adams and McEachern Manipulate the Corporate Machinery of RDI in An Effort to Control the Election of Directors at the 2015 Annual Shareholders Meeting

102. At least approximately forty four percent (44%) of the Class B voting stock of RDI is held in the name of the James J. Cotter Living Trust, which became irrevocable upon JJC, Sr.'s death on September 13, 2014 (the "Trust"). Who has authority to vote the RDI Class B voting stock held in the name of the Trust is a subject of dispute in the California trust and estate litigation between EC and MC, on one hand, and JJC, on the other hand. Plaintiff is informed and believes that, unless EC, MC and JJC as co-trustees of the Trust all agree and provide a unanimous direction to the Company as required under Section 15620 of the California Probate Code, none of them can vote any of those shares in connection with an RDI Annual Shareholders Meeting ("ASM").

103. Plaintiff is informed and believes that EC and MC are aware of the foregoing regarding whether the RDI Class B voting stock held in the name of the Trust properly can be voted at or in connection with RDI's ASM.

104. Plaintiff is informed and believes that EC and MC agreed to act and took actions to increase the number of RDI Class B shares they could vote at RDI's ASM in order to attempt to control that vote without including the Class B voting stock held in the name of the Trust.

a. On or about April 17, 2015, EC and MC exercised options to acquire 50,000 and 35,100 shares of RDI Class B shares, respectively.

b. On or about September 17, 2015, EC and MC, acting as executors of the estate of JJC, Sr., exercised an option to acquire 100,000 shares of RDI Class B voting stock. Despite claiming a need to preserve assets of the

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Estate, EC and MC utilized liquid RDI Class A shares to pay for the exercise of the Estate's option to acquire these illiquid RDI Class B shares.

105. In or about June 12, 2015, Plaintiff was told by RDI that the prior practice of allowing the Compensation Committee of RDI's full Board of Directors to approve the exercise of options had been changed to require that each member of the Board of Directors approve any exercise of options by any director. When Plaintiff on or about June 5 and July 2 sought to exercise two separate tranches of RDI options, processing of his requests was delayed for weeks from the times he gave notice of his election to exercise such options.

106. However, that purported new practice later was reversed or abandoned. Plaintiff is informed and believes that that was because EC and MC, purporting to act as executors of the Estate of JJC, Sr., intended to seek to exercise a supposed option to have the Estate acquire 100,000 shares of Class B voting stock (which they did, as alleged herein). EC and MC feared that JJC as an RDI director would refuse to consent to the exercise of this option controlled by EC and MC as executors of the Estate of JJC, Sr.

107. Two of three members of the Compensation Committee are Adams and Kane. On or about September 21, 2015, Kane and Adams, purporting to act as directors and as members of the Compensation Committee, authorized the request of EC and MC that the Estate be allowed to (use liquid Class A stock to) exercise the supposed option to acquire the 100,000 shares using shares of RDI Class A stock. Kane and Adams did so in derogation of the interests of RDI, which received no benefit from receiving Class A stock (rather than cash), which merely reduced the float of such stock. Plaintiff is informed and believes that Kane and Adams also did so without requiring EC and MC as executors of the Estate to produce documentation establishing the Estate's entitlement to exercise such option, which documentation may not exist. Kane and Adams claimed that they decided to allow EC and MC to exercise the supposed 100,000 share option based on the advice of counsel, including Craig Tompkins. The third director who was a member of the Compensation Committee, Timothy Storey, was unable to attend the supposed meeting of the Compensation Committee because it was called with too little notice.

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108. Plaintiff is informed and believes that EC and MC took such actions because of a concern that, absent the exercise of the supposed option for the Estate to acquire 100,000 shares of RDI Class B voting stock which EC and MC will purport to vote as executors of the Estate, EC and MC might have lacked sufficient votes to control the 2015 ASM and, in effect, unilaterally elect as RDI directors whomever they choose, in view of the requirement of unanimity under California Probate Code Section 15620.

EC And MC Systematically Mislead RDI Shareholders, Including By Failing To Make Disclosures Required By The Federal Securities Laws And By Making Misleading Disclosures.

109. On or about September 24, 2014, MC and EC filed a Schedule 13D with the United States Securities and Exchange Commission (the "SEC"). In that 13D, each of MC and EC indicated that they were not a member of a 13D group and each excluded any and all RDI shares not owned by them, including shares owned by the Trust and shares held by the Estate, from the shares each reported as beneficially owned and/or shares subject to shared voting power.

110. On or about December 22, 2014, EC and MC were appointed in the accompanying Nevada probate action to act as co-executors of the Estate. Plaintiff is informed and believes that they commenced the Nevada probate action at least in part to exercise control as executors of certain Company Class B voting stock.

111. On or about January 9, 2015, MC and EC filed an amendment to the schedule 13D they filed on or about September 24, 2014 (the "13D1"). The 13D1 for the first time identified the two of them as a 13D group. The 13D1 also was filed for the Estate, but it expressly indicates that the RDI Class B voting stock held by the Estate was not stock with respect to which either MC or EC had shared voting power.

112. On or about April 16, 2015, EC exercised one or more options to acquire 50,000 shares of RDI Class B voting stock. She was allowed to do so by using RDI Class A non-voting stock rather than cash. That provided no benefit to RDI. EC did not file the required Form 4 disclosure with the SEC regarding that acquisition of Class B voting stock until on or about October 9, 2015, three days after the record date of October 6, 2015 set for the 2015 ASM.

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113. On or about April 17, 2015, MC exercised options to acquire a total of 35,100 shares of RDI Class B voting stock. She was allowed to do so by using RDI Class A non-voting stock rather than cash. That provided no benefit to RDI. MC did not file the required Form 4 disclosure with the SEC regarding that acquisition of Class B voting stock until on or about October 9, 2015, three days after the record date of October 6, 2015.

114. Plaintiff is informed and believes that in or before April 2015, MC and EC agreed that they would exercise shared voting power of the RDI Class B voting stock held in the name of the Estate together with RDI Class B voting stock held individually by each of them, such that EC and MC together with the Estate were members of a group for the purposes of Schedule 13D.

115. On or about October 9, 2015, EC and MC filed an amended 13D (the "13D2"). The 13D2 disclosed for the first time that EC and MC together with the Estate were members of a group for the purposes of Schedule 13D. Plaintiff is informed and believes that EC and MC purposefully failed to disclose the prior existence of this 13D group until such time as they had exercised an option held by the Estate to acquire an additional 100,000 shares of RDI Class B voting stock and until after the October 6 record date had passed, as part of their scheme to attempt to control over fifty percent (50%) of the Class B voting stock (not including such stock held in the name of the Trust) before the record date for the 2015 ASM. They acquired the 100,000 shares on or about September 21, 2015.

116. The 13D2 filed on or about October 9, 2015 also states that the Trust "is also a member of the group with the Estate, Margaret Cotter and Ellen Cotter" and says that the "Trust has separately filed a report on Schedule 13D on the date hereof." The 13D2 also states that MC and EC have shared voting power with both the Estate and the Trust.

117. On or about October 9, 2015, EC and MC caused the Trust to file a Schedule 13D. That Schedule 13D, like the 13D2, states that the Trust is a member of a group for the purposes of Schedule 13D with the Estate, MC and EC. In response to these late filings as well as others made by the Company, one RDI shareholder representative asked the Board, "Why does this board and management choose to continue to be serial abusers of the securities laws?"

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118. Contrary to what the Schedule 13D filed for the Trust on or about October 9 and the 13D2 imply, EC and MC do not control the shares held in the name of the Trust for voting purposes, shared or otherwise. Plaintiff is informed and believes that such statements made in these two schedule 13Ds (and in the Company's Proxy Statement for the 2015 ASM) were intended by EC and MC (and by Kane, Adams and McEachern) to mislead other holders of RDI Class B voting stock in anticipation of and in connection with the 2015 ASM and the 2016 ASM.

119. Thus, EC and MC systematically have manipulated their disclosure of actual and claimed ownership and control of RDI Class B voting stock for the purposes of misleading RDI shareholders and facilitating their scheme to seize control of RDI and perpetuate their control of RDI. All such actions were purposefully taken by them in derogation of their fiduciary obligations, including the duty of disclosure.

120. Plaintiff is informed and believes that Kane was and Adams and McEachern may have been party to this scheme. Kane and Adams acted to facilitate this scheme, acting as directors and members of the Compensation Committee to effectuate the acquisition by the Estate of 100,000 shares of Class B voting stock, including as alleged herein.

EC, MC, Kane, Adams and McEachern Act to Stack the Board With Others Loyal to EC and MC

121. EC, MC, Kane and Adams have added to the RDI Board of Directors individuals who have had long-standing friendships with EC, MC and/or their mother.

122. On or about August 1, 2015, a couple days before a RDI board meeting, EC as Chairman of the Board included on a Board of Directors agenda an item not previously discussed, proposing to add to RDI's Board an individual purported to have needed and sought after real estate development experience. EC has known this individual over twelve years and has a close, personal relationship with him, his wife and child. However, that individual previously had done business with RDI in a manner that caused harm to RDI. After Plaintiff objected based on these factors, EC reported to the Board that her nominee had withdrawn from consideration.

123. On or about October 3, just days before a board meeting, EC proposed Codding as a director candidate. This prevented directors who had not been informed of this candidate,

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including Plaintiff, Storey and Gould, from genuinely vetting and deliberating about the candidate. Codding has no expertise in either of RDI's two principal business segments, cinema operations and real estate development. Codding also has no experience as a director of a public company.

124. However, Codding maintains a long standing, close personal friendship with Mary Cotter, the mother of EC, MC and Plaintiff. Mary Cotter has chosen the side of EC and MC in the family disputes between EC and MC, on one hand, and JJC, on the other hand. EC currently resides with Mary Cotter.

125. EC, together with Adams, McEachern and Kane, pushed to have Codding added to RDI's Board in advance of the 2015 ASM. On October 5, Codding was made a director on an impromptu basis, after only minutes of supposed deliberation by the Board. Each of defendants other than Storey (and Plaintiff) acquiesced to EC's request and voted to add her to the Board. While Gould said that more time was needed to allow for vetting of Codding, he approved the appointment, effectively acknowledging that he was abdicating his fiduciary responsibilities in order to accommodate EC and/or MC.

126. After Codding's appointment to RDI's Board of Directors was disclosed, one of RDI's shareholder representatives communicated his disbelief over the appointment of someone with no relevant experience and whose activity relating to her employer's alleged violations of the public bidding laws to secure a contract with L.A. Unified School District (LAUSD) to provide iPads to schools allegedly was under scrutiny in a federal criminal investigation, discovered through a simple Google search. None of Kane, Adams, McEachern or Gould had either performed or caused a basic, competent public records search or other such diligence that would have discovered this publicly available information regarding Codding before approving Codding to be a director of RDI. None of Adams, McEachern or Kane therefore were aware of, or at least disclosed to the Board any prior knowledge of, Codding's involvement in such alleged activity prior to voting to add her to the RDI Board. EC knew previously, but did not disclose what she knew.

127. On October 5, 2015, EC announced to the full RDI Board of Directors that a so-called nominating committee comprised of Kane, Adams and McEachern supposedly would

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propose a board slate of nominees for the RDI's 2015 ASM, which has been set for November 10, 2015. RDI's counsel indicated that EC and MC's personal lawyer recommended that EC and MC not be involved in the nominating process and that the Board form a nominating committee for optical reasons, given EC and MC's role as executors of the Estate and trustees of the Trust.

128. EC and MC previously had determined that director Storey would not be nominated to stand for reelection. Each member of the so-called nominating committee agreed to execute the decision of EC and MC to not nominate director Storey to be reelected.

129. Plaintiff is informed and believes that the insistence of director Storey that RDI directors act in the interest of all shareholders, not just EC and MC, and his efforts to do so, account in part for the decision and agreement of EC, MC, Kane, Adams and McEachern to not nominate director Storey to stand for reelection at the 2015 ASM.

130. McEachern and Adams, purporting to act as members of the so-called special nominating committee, pressured Storey to "retire" as a director. Storey acquiesced.

131. The supposed nominating committee, acting at the direction and requests of EC and MC, then selected Wrotniak, who was a candidate about whom EC provided information to the full Board only a couple days before the Board meeting, to replace Storey.

132. Wrotniak does not have expertise in either of RDI's business segments, cinema operations and real estate development. Nor does he possess experience in public company corporate governance. However, Wrotniak is the husband of MC's long-standing best friend. He was chosen because of that friendship. MC and EC expect loyalty from him.

133. The supposed nominating committee selected Wrotniak, notwithstanding the fact that a senior executive with chief financial officer experience at a public, multi-billion dollar real estate services and investment company, experience with Wall Street and years of experience in the real estate industry, expressed a willingness to serve on RDI's Board of Directors. That candidate had been suggested by Plaintiff and had no ties to any of the Cotters.

134. By the foregoing actions, EC, MC, Kane, Adams and McEachern each have continued to misuse the corporate machinery of RDI, including in particular to attempt to rig the

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vote at the 2015 and 2016 ASMs, to entrench and perpetuate themselves in exclusive control of RDI. Gould has acquiesced, at a minimum.

135. On or about October 20, 2015, the Company issued its Proxy Statement for the 2015 ASM scheduled for November 10, 2015. The Proxy Statement is materially misleading if not inaccurate in a number of respects, including the following:

a. It states (at page 10) that, under Nevada law, EC and MC, as two of three trustees of the Trust, have the power to vote all of the RDI Class B voting stock held in the name of the Trust on the books and records of the Company;

b. It states (at page 10) that EC and MC together have the power to vote 71.9% of a Class B voting stock entitled to vote for directors at the 2015 ASM;

c. It states (at pages 10 and 11) that the Company is a controlled company under NASDAQ listing rules;

d. It states (at page 11) that EC has been appointed as interim President and CEO and that the Board has established an Executive Search Committee comprised of EC, MC, Adams, Gould and McEachern which, it says, "will consider both internal and external candidates." Plaintiff is informed and believes that the undisclosed plan is to make EC President and CEO after conducting a search the purpose of which is to create the misimpression of a bona fide process;

e. It states (on page 12) that the "Special Nominating Committee and the Board accordingly considered the views of (EC and MC) with respect to the 2015 Director nominees," when in fact the Special Nominating Committee and every member of the Board other than Plaintiff acted as each understood EC and MC desired;

f. It states (on page 12) that Plaintiff "vot[ed] against each of the recommended nominees (including himself)," which is inaccurate;

g. It describes (on page 15) historical business experience of defendant Adams, as if that experience is the reason he is a director and is nominated for reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC

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and MC, fails to disclose Adams' financial dependence on companies and deals controlled by EC and MC and misstates his recent professional activities;

h. It describes (at page 15) professional experience of Judy Codding in the field of education as if that were the reason she was made a director and is nominated for reelection, but fails to disclose her personal relationship with Mary Cotter, the mother of EC and MC, and misstates her recent professional activities;

i. It describes (at pages 15-16) the role of MC with respect to the Company's live theatre operations, and says that she "heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3," but fails to disclose that MC successfully has ended the search by the Company for an experienced real estate executive to lead its real estate development efforts, in the United States, including for the NYC Properties. Among the reasons MC did so was to create a purported basis for seeking and securing employment with the Company;

j. It describes (at page 16) certain professional experience of Kane, including experience from 1987 and 1988, but fails to disclose his historical and ongoing quasi-familial relationship with EC and MC;

k. It describes (at page 16) certain professional experience of Wrotniak, as if that were the reason he was made a director and is nominated for reelection, but fails to disclose the close personal relationship he and his wife have with MC.

136. On or about May 18, 2016, the Company issued its Proxy Statement for the 2016 ASM scheduled for June 2, 2016. The Proxy Statement was materially misleading if not inaccurate in a number of respects, including the following:

a. It implies (at page 7) that the Company is entitled to determine the identity of the trustees under the so-called Cotter Trust, the right of those trustees to vote under California law and/or that the books and records of the Company identify each of EC, MC and Plaintiff as trustees of the so-called Cotter Trust (the "Trust");

b. It describes (at page 8) the supposed CEO search in a manner that implies that EC timely resigned from the CEO search committee, that that committee relied

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on Korn Ferry and that Korn Ferry evaluated EC as a candidate for the CEO position;

c. It states (at page 9 and elsewhere) that the Company is a controlled company under NASDAQ listing rules;

d. It states (on pages 9-10) that Adams served on the compensation committee through May 14, 2016, but fails to disclose how it came to pass that he resigned;

e. It describes (on page 15) historical business experience of defendant Adams, as if that experience is the reason he is a director and is nominated for reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC and MC, and fails to disclose Adams' financial dependence on companies and deals controlled by EC and MC and misstates his recent professional activities;

f. It describes (at page 15) professional experience of Codding in the field of education as if that were the reason she was made a director and is nominated for reelection, but fails to disclose her personal relationship with Mary Cotter, the mother of EC, and MC and her relationship with her employer would be coming to an end and the reasons for such termination;

g. It describes (at page 16) the role of MC with respect to the Company's live theatre operations, and says that she "heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3," but fails to disclose that MC successfully has ended the search by the Company for an experienced real estate executive to lead its real estate development efforts in the United States, including for the NYC Properties. Among the reasons MC did so was to create a purported basis for seeking and securing employment in such position with the Company;

h. It describes (at page 16) certain professional experience of Kane, including experience from 1987 and 1988, but fails to disclose his historical and ongoing quasi-familial relationship with EC and MC;

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i. It describes (at page 16) certain professional experience of Wrotniak, as if that were the reason he was made a director and is nominated for reelection, but fails to disclose the close personal relationship he and his wife have with MC.

The CEO Search is Aborted, Manipulated or Both, and EC is Selected

137. At a Board meeting on or about June 30, 2015, EC was empowered to select an outside search firm to search for a new, permanent President and CEO for RDI. EC selected EC, MC, McEachern and Gould as members of a CEO search committee. EC functioned as the chairperson of the committee until she resigned, as described below.

138. On or about August 4, 2015, EC reported to the Board that she had selected Korn Ferry to be the outside search firm. A stated and accepted rationale for selecting Korn Ferry was that Korn Ferrry would perform a proprietary detailed assessment of the finalists for the position of President and CEO of RDI. The full Board had been told that each of the three finalists would be presented to the full Board to be interviewed.

139. Korn Ferry interviewed each of the four members of the CEO search committee and Craig Tompkins, as well as other persons EC and/or MC had Korn Ferry interview and, based on those interviews and further communications with some of those people, Korn Ferry created a "position specification" document. The stated purpose of the document was to list qualifications and characteristics that had been agreed to as those that would be used to select candidates and, ultimately, a new President and CEO.

140. Finally, on or about November 13, 2015, an initial set of interviews of CEO candidates was set to occur. Shortly before those interviews were to commence, EC allegedly announced to the other members of the CEO search committee that she was a candidate for the positions of President and CEO. At that point, she purportedly resigned from the committee. Plaintiff is informed and believes that EC had considered being a candidate well before the initial set of interviews, but chose to not disclose that.

141. At that point, McEachern, Gould and MC had no discussions about whether MC should or could continue to serve on the committee, in view of the fact that her sister was a candidate. Nor did the committee or any of them seek the advice of outside counsel with respect

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to that subject or any other issue related to EC declaring her candidacy after having directed Korn Ferry for months.

142. After on or about August 4, 2015, neither EC nor the CEO search committee provided any reports regarding the (supposed) CEO search to the full Board until mid-December 2015. That was so in spite of requests by Storey and Plaintiff for reports or updates.

143. McEachren, Gould and MC in November and December interviewed several CEO candidates. They identified at least one and possibly two of them as finalists. They also interviewed EC. After interviewing EC, the three of them preliminarily agreed that she was their choice to be CEO. They also agreed that Korn Ferry would be instructed to cease further work.

144. McEachern, Gould and MC then conducted a conference call during year-end holidays, confirmed their choice of EC and charged Tompkins with summarizing their reasons. Tompkins did so. The stated reasons for selecting EC did not match or even approximate the qualifications and characteristics that were summarized in the "position specification" document prepared by Korn Ferry.

145. Korn Ferry did not perform its proprietary special assessment of EC or of any other candidate.

146. On or about January 8, 2016, McEachern, Gould and MC presented EC to the full Board of Directors as their selection to be the President and CEO of RDI. With little if any deliberation, and with little if any information regarding the search and/or other candidates other than a summary provided to them just days prior to meeting, each of the director defendants agreed and voted to make EC President and CEO.

147. On or about January 11, 2016, the Company issued a Form 8-K attaching a press release of that date. The press release included a statement by defendant Gould that said: "After conducting a thorough search process, it is clear that Ellen is best suited to lead Reading moving forward." That statement is materially misleading if not inaccurate, including because it implies erroneously that the selection of EC was the result of a (supposedly) "thorough search process."

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The Director Defendants Commence Looting The Company

148. Following the 2015 ASM in November 2015, by which the individual defendants secured effectively unfettered control of the Company, and following the appointment of EC as President and CEO in January 2016, the individual defendants turned their attention to the subjects of employment, titles and compensation.

149. On or about March 10, 2016, MC was appointed EVP--RED – NYC on EC's recommendation as President and CEO. In that position, MC became the senior executive at RDI responsible for the development of its valuable NYC Properties. However, MC has no real estate development experience. She is unqualified to hold that senior executive position.

150. As EVP--RED – NYC, MC was awarded a compensation package that includes a base salary of $350,000 and a short-term incentive target bonus of $105,000 (30% of her base salary), and was granted a long-term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan.

151. Additionally, the Compensation Committee, comprised of Adams, Kane and Codding, and the Audit and Conflicts Committee, comprised of Kane, McEachern and Wrotniak, in or about March 2016 each unanimously approved so-called "additional consulting fee compensation" of $200,000 to MC. Each of the Individual Director Defendants (with EC and MC abstaining) approved this $200,000 payment to MC. In effect, MC was given a $200,000 gift.

152. At the request of EC, the EC Committee requested the Compensation Committee to review executive compensation. The result was that EC as President and CEO received a new compensation package. If all bonuses available are paid to her, she will be paid over three times what Plaintiff was paid as President and CEO.

153. The Compensation Committee also recommended and the RDI Board of Directors (meaning all of the individual director defendants) also approved so-called "additional special compensation" of $50,000 to Adams. This after-the-fact payment in effect was a gift.

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The Non-Cotter Director Defendants Effectively Ignore a Third Party Cash Offer to Buy All of the Outstanding Stock of RDI at a Price in Excess of the Market Price

154. On or about May 31, 2016, EC as Chairman, President and CEO of RDI and each director received an unsolicited offer from a third party to purchase, for all cash, all of the outstanding shares of RDI stock, meaning all Class A nonvoting shares and all Class B voting shares (the "Offer"). This Offer was sent to EC and the other board members shortly after an RDI employee reporting to EC reported to the third party that the Company was not for sale after such third party indicated an interest in buying the Company. The proposed cash purchase price was $17 per share. That price represented an approximate thirty-three percent (33%) premium over the prices at which RDI stock was then trading in the open market.

155. The Offer to purchase all of the outstanding shares of RDI stock expressly allowed for the possibility that, following due diligence, the Offer price might be increased from $17 per share. The Offer indicated that a response to it was needed no later than June 14, 2016. The Offer also indicated that those making it did not intend to make it public at the time.

156. EC distributed the Offer to members of the RDI Board of Directors on or about May 31, 2016. The Board of Directors met with respect to the Offer on Thursday, June 2, 2016. The Board agreed to meet the following week to determine whether and how to respond to the Offer, after management distributed to Board members a business plan and materials relating to the value of the Company.

157. The RDI Board of Directors did not reconvene with respect to the Offer until June 23, 2016. No business plan and no materials relating to the value of the Company were provided to Board members in advance of or at the June 23, 2016 meeting. Nor were any other materials relevant to assessing the Offer provided. EC made an oral presentation concluding that RDI was worth a price dramatically in excess of the Offer price and recommended that RDI pursue its (supposed) long-term business plan. All of the individual director defendants agreed that an Offer of $17 per share was inadequate. Plaintiff abstained in view of management's failure to provide information promised to be delivered before the meeting.

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158. Neither EC nor anyone acting at her direction or request has ever provided a strategic or long-term business plan for the Company to the RDI Board of Directors.

159. In connection with determining whether and, if so, how to respond to the Offer, none of the non-Cotter director defendants indicated that they had and, on information and belief, Plaintiff alleges that they had not, consulted with outside independent counsel, outside independent financial advisers such as investment bankers, or anyone else on whom directors are entitled to rely in determining in good faith whether and, if so, how, to respond to such an offer.

160. Plaintiff is informed and believes and thereon alleges that each of the non-Cotter directors, in determining whether and, if so, how to respond to the Offer, made their respective decisions largely if not entirely on their understanding of what they understood EC and MC (as supposedly controlling shareholders) wanted to do or not do in response to the Offer.

161. Plaintiff is informed and believes and thereon alleges that neither EC nor MC consulted with outside independent counsel, outside independent financial advisers such as an investment bank, or anyone else on whom directors are entitled to rely in determining in good faith whether and, if so, how, to respond to such an Offer. Plaintiff is further informed and believes and thereon alleges that neither EC nor MC in good faith even considered accepting the Offer, pursuing discussions with the offerors or taking any other steps that would amount to anything other than rejection of the Offer.

162. None of the individual director defendants made an informed, good-faith determination of what was in the best interests of RDI and its stockholders in responding to the Offer. None of the individual director defendants made a good faith determination of whether, much less that, RDI with its present senior management, including EC as CEO and MC as EVP-RED-NYC, could, much less would, deliver value or achieve results that approximated, much less resulted in, RDI trading at the price or value EC told the Board of Directors on June 23, 2016 that management had ascribed to the Company. Plaintiff is informed and believes and thereon alleges that none of the individual director defendants took any actions to test or to verify any of the oral presentation by EC regarding the supposed value of the Company.

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RDI and RDI Shareholders are Injured

163. When the individual defendants' complained of conduct became publicly known and disseminated, the price at which RDI stock traded dropped, evidencing injury to RDI and resulting in monetary damages to RDI and to RDI stockholders. One or more directors or officers of RDI observed at or about the time that this had occurred. Those damages are estimated to be in the millions of dollars. When subsequent complained of actions of the individual defendants, including to stack the RDI Board, became publicly known, RDI stock prices dropped again. When the Offer described above was (belatedly) disclosed by the Company on or about July 18, 2016, the price at which RDI stock traded increased, evidencing injury and damages resulting from the individual director defendants' complained of conduct.

164. The individual defendants' complained of conduct has resulted in injury to and impairment of RDI's reputation and goodwill. The consequences of such damage include diminished ability to attract and retain qualified senior executives, increased costs if able to do so, an impaired ability to effectuate transactions that may involve use of Company stock as consideration, diminished willingness of institutional investors to buy and to hold RDI stock and other impairment of and increased costs to conduct RDI's business. Increased costs include payment of unnecessary and/or excessive consulting fees, payment of duplicative or redundant compensation and payment of increased professional costs, including audit and legal fees.

165. The individual defendants' complained of conduct effectively has eliminated important rights of shareholders, including the right to be timely informed of material developments, the right to not be misled, the right to rely on timely and accurate SEC filings and the right to have elections for directors that are not manipulated and not rigged.

166. The individual defendants' complained of conduct constitutes waste and has caused monetary damages to RDI, including what amounted to a gift of $50,000 to EC, a $200,000 gift to MC and a $50,000 gift to Adams. Likewise, the engagement and payment of Korn Ferry, which was used to create a misimpression of a *bona fide* CEO search, but which was not used to identify or evaluate EC, who was selected by MC, McEachern and Gould without input from Korn Ferry, which they instructed to cease work, also amounts to waste of at least the monies paid to Korn

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Ferry.

167. In taking the actions complained of herein, the individual defendants have wasted if not appropriated corporate opportunities and wasted corporate assets. In particular and without limitation, they have failed to act in good faith and on an informed basis to determine how to monetize the Company's valuable real estate assets, including the NYC Properties. Instead, they have chosen to not take such steps but rather to hire MC to "keep the ball in the air," so that there is a pretext to employ her in the position in which is now employed, which she is wholly unqualified to fulfill. In doing so, they have caused the Company to spend and continue to spend substantial sums of money, believed to be at least in the millions of dollars, to pay outside consultants because the Interested Director Defendants effectively acquiesced to MC's insistence that RDI not hire an executive experienced in real estate development, and because all of the individual defendants instead approved hiring MC as EVP-RED-NYC. The extra monies paid to outside consultant is believed to be in the millions of dollars.

168. The failure of the individual defendants to undertake to make an informed, good faith determination of what was in the best interests of RDI and its stockholders in responding to the Offer described above has resulted in injury to RDI and each of the stockholders. That injury includes lost opportunity of each and every RDI stockholder to decide for himself, herself or itself whether to sell his, her or its RDI stock at a price in excess of the price at which it trades in the open market.

Demand Is Excused

169. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, as to each matter complained of herein, a majority if not all members of RDI's Board of Directors except Plaintiff (and in certain instances former director Storey) took and/or approved the complained of conduct. They therefore are unable to exercise independent and disinterested business judgment in responding to a demand, including because the actions giving rise to this action alleged herein were not undertaken honestly and in good faith in the best interests of RDI, much less the product of a valid exercise of business judgment.

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170. Each and all of the RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision of the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.

171. Additionally, as to each and all matters complained of herein, a majority if not all of the director defendants is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to the non-Cotter directors, who lack independence and lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled by EC and MC, Kane's quasi-familial relationship with EC and MC, McEachern's and Gould's fiduciary breaches and Codding and Wrotniak's personal relationships with Cotter family members.

172. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI. Additionally, in voting to give EC and MC positions for which they are unqualified, and corresponding compensation packages, and in failing to take steps to make an informed, good faith decision regarding the Offer to purchase all RDI stock at a premium, and instead effectively deferring to EC and/or MC, each of the director defendants, including Codding and Wrotniak, acted in derogation of the fiduciary duties they owe to RDI and its other shareholders.

FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)

173. Plaintiff repeats and realleges paragraphs 1 through 172, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

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174. Each of the individual defendants at times relevant hereto was a director of RDI. As such, each owed fiduciary duties to RDI and to Plaintiff and other RDI shareholders, including fiduciary duties of care, candor, disclosure, good faith and loyalty to RDI.

175. The duty of care owed by each of these defendants entails, among other things, an obligation to exercise the requisite degree of care in the process of decision making as a director and to act on an informed basis.

176. The duty of care further requires, among other things, that these directors do not act with undue haste, a lack of board preparation or a failure of deliberation with respect to the merits of any and every supposed business decision.

177. By the conduct described herein, each of the individual defendants (insofar as he or she was a director at the time) breached their respective duties of care and good faith. Each did so as alleged herein, including by, among other things, the following:

a. They failed to engage in any process to assess the skills and performance of Plaintiff as President or as CEO in connection with the decision to threaten to terminate and to terminate him, and instead pre-empted an ongoing process;

b. They abdicated, or caused other directors to abdicate, their fiduciary responsibilities as directors by creating and acting through the EC Committee;

c. They failed to take steps to cause, much less assure, that persons added to the RDI Board possessed any qualifications other than personal relationships with one or more members of the Cotter family;

d. They failed to take actions to cause, much less assure, a *bona fide*, fair and un-manipulated search for a new President and CEO to occur;

e. They failed to take and/or delayed taking action, after having been informed of the financial dependence of Adams on Cotter family businesses for income, to eliminate or even circumscribe Adam's authority as a director or as a member of the Compensation Committee responsible for determining compensation to EC and MC;

f. They failed to take actions to enable themselves to make an informed, good faith decision regarding whether to respond to the Offer, and if so, how, and instead did what they thought EC, MC or both wished.

178. As a direct and proximate result of the acts and omissions of said defendants as

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described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

179. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complained of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)

180. Plaintiff repeats and realleges paragraphs 1 through 172, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

181. Each of the individual defendants at times relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary duties of care, candor, disclosure, good faith and loyalty, to the Company, to Plaintiff and to other RDI shareholders.

182. The duty of loyalty includes the obligation to not use their positions of control of the Company, including in particular as directors, to further their own personal or financial interests or the personal or financial interests of another of them to the detriment of the interests of the Company and its shareholders.

183. By the conduct described herein, each of these defendants have undertaken to further their own interests or the interests of another of them, to the direct, immediate and ongoing detriment of the Company, Plaintiff and each of its other shareholders. That conduct includes, but is not limited to, the following:

a. Threatening to terminate Plaintiff as President and CEO if he did not strike a resolution of trust and estate disputes with EC and MC on terms satisfactory to the two of them;

b. Terminating Plaintiff as President and CEO of RDI after he did not strike a resolution of trust and estate disputes with EC and MC on terms satisfactory to the two of them;

c. Repopulating and activating an executive committee where none was needed and where the effect, if not the purpose and effect, was to prevent

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Plaintiff, Storey and Gould from fully participating as members of the RDI Board of Directors;

d. Allowing EC to direct the (supposed) search for a permanent President and CEO, allowing MC to participate, including in particular following the disclosure by EC that she was a candidate, and by effectively firing Korn Ferry in order to assure the selection of EC and selecting EC;

e. Awarding EC and MC positions they were not qualified to hold, and by gifting monies to EC, MC and Adams; and

f. As to all individual defendants other than EC and MC, choosing not to take any actions such as employing independent counsel or financial advisors to advise them regarding whether and, if so, how to respond to the Offer, but instead relying on untimely, incomplete and/or inadequate information provided by a conflicted EC and by effectively deferring to EC, MC or both of them;

g. As to all individual defendants other than EC and MC, abdicating their fiduciary responsibilities to the Company and shareholders other than EC and MC; and

h. As to EC and MC, misusing their position as purportedly controlling shareholders to usurp or attempt to usurp the authority of the RDI Board of Directors.

184. By reason of the foregoing, each of the individual defendants has breached their fiduciary obligations, and in particular their fiduciary duties of good faith and loyalty, to the Company and to Plaintiff and all other shareholders of the Company.

185. As a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

186. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complained of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

THIRD CAUSE OF ACTION

(Breach of Fiduciary Duty—Against All Defendants)

187. Plaintiff repeats realleges paragraph 1 through 172, inclusive, of this complaint and

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incorporates them here in by this reference as though set forth in full.

188. Each of the defendants at times relevant hereto was a director of RDI. As such, each owed fiduciary duties to RDI and to its shareholders, including Plaintiff, including the duties of care, candor, disclosure, good faith and loyalty.

189. The duties of candor and disclosure require that the Individual Director Defendants each cause the Company to make timely, accurate and complete disclosures of information to its shareholders.

190. By the conduct described herein, including in particular but not limited to causing or allowing RDI to disseminate untimely and materially misleading if not inaccurate information, in SEC filings and/or by press releases, each of the individual defendants has breached his or her duties of candor and disclosure.

191. As a direct and proximate result thereof, the Company and its shareholders have suffered injury and continue to suffer injury is alleged herein.

192. Plaintiff cannot ascertain at this time the full nature, extent amount of damages suffered by virtue of the complained of conduct of said defendants.

FOURTH CAUSE OF ACTION

(Aiding and Abetting Breach of Fiduciary Duty – Against MC and EC)

193. Plaintiff repeats and realleges paragraphs 1 through 192, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

194. Insofar as any or all of Defendants contend that the decision to terminate Plaintiff as CEO and President was made based upon a vote of the non-Cotter directors, and independent of the fact that such vote was legally ineffectual, the fiduciary breaches alleged above were solicited and aided and abetted by MC and EC.

195. As alleged more fully herein, EC and MC had solicited and assisted the actionable conduct of defendants Kane, Adams and McEachern, including in particular but not limited to the threat by the three of them to terminate JJC as President and CEO of RDI if, in the few hours between the adjournment of the supposed RDI board meeting on Friday, May 29, 2015 the resumption of that supposed meeting at or about 6:00 p.m. that evening, JJC did not reach a global

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settlement agreement with EC and MC, meaning agree to their take-it or leave-it agreement or any other such agreement they would demand he accept.

196. EC and MC further solicited and aided and abetted the decisions and actions of defendants Adams, Kane and McEachern to terminate JJC as President and CEO of RDI.

197. EC and MC further prompted and aided and abetted the fiduciary breaches of other directors as alleged herein, including but not limited to matters as to which EC, MC or both abstained or otherwise did not vote, including votes regarding their employment at RDI.

198. Each of EC and MC have acted with knowledge of the fiduciary obligations of the five outside directors. Each of EC and MC have acted with knowledge of the manner in which those fiduciary obligations were breached, and aided and abetted and continue to aide and abet said breaches. Accordingly, each of EC and MC are liable for aiding and abetting those fiduciary breaches.

199. As a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

200. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

Irreparable Harm

201. As a result of the ongoing acts of Defendants, the Company, Plaintiff and other RDI shareholders have suffered and will continue to suffer immediate and ongoing irreparable injury for which no adequate remedy at law exists, including as alleged herein. Accordingly, Plaintiff is entitled to relief restraining Defendants, and each of them, from continuing their course of conduct and undertaking further actions in derogation of their fiduciary obligations, and to an order and judgment finding that the actions undertaken to date, including to threaten JJC with termination and thereafter terminate JJC as President and CEO of RDI, as well as their actions undertaken in furtherance of the self-dealing and entrenchment scheme alleged herein, are legally ineffectual and

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of no force and effect, will be enjoined, or both.

202. In particular, unless such injunctive relief is granted, Plaintiff, the Company and other shareholders will suffer irreparable harm for which no adequate remedy at law exists.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants and each of them, jointly and severally, as follows:

1. For relief restraining and enjoining Defendants from taking further action to effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of RDI;

2. For a determination that the purported termination of Plaintiff as President and CEO of RDI was legally ineffectual and is of no force and effect;

3. For entry of an order that:

a. Finds that that EC, MC, and one or more of Kane, Adams and/or McEachern lacked the requisite disinterestedness and/or lacked independence and/or failed to act with the requisite disinterestedness and/or independence in voting (and purporting to act as) directors of RDI to remove Plaintiff as President and CEO of RDI, finds that actions to remove Plaintiff as President and CEO were void or voidable and declares such action voided and legally ineffectual, such that Plaintiff is restored to and EC is removed from the positions of President and CEO of RDI (unless and until such time as he resigns or is removed by way of proper and legally enforceable procedure);

b. Enjoins the individual defendants and each of them, and their agents, from any and all actions to circumvent, impair the function of or render ineffective RDI's full Board of Directors, including in particular but not limited to any and all actions to (i) delay the delivery of draft minutes of RDI Board of Directors meetings and/or cause minutes to be edited or revised to suit the litigation purposes of any or all of EC, MC, Kane, Adams and McEachern, (ii) cause the failure or untimely delivery of agendas and materials to be used at RDI Board of Directors meetings, (iii) cause

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minutes of RDI Board of Directors meeting to be inaccurate, misleading or incomplete, (iv) cause the EC Committee or any other committee of the Board of Directors (other than its audit and compensation committees in the ordinary course of business) to take any actions, to make any decisions or to otherwise act or fail to act in place or in lieu of the full Board of Directors with respect to any and all decisions of the type or nature that can be made by RDI's Board of Directors (rather than by its senior executives), and (v) put any member of RDI's Board of Directors in a position of making any decision on an informed basis, in good faith and with the best interests of all RDI shareholders in mind;

c. Directs RDI and the individual defendants to make such corrective disclosures as are determined by the Court to be appropriate, with such disclosures required to be made in advance of RDI's 2017 ASM or, alternatively, orders that the 2017 ASM to be postponed pending such corrective disclosures;

d. Enjoins the individual defendants and each of them, and their agents, from manipulating the 2017 ASM, including by entering an order sterilizing or voiding any vote they cast at or in connection with the 2017 ASM of the 100,000 shares of Class B voting stock that were the subject of an option purportedly exercised in or about September 2015 and any shares of Class B voting stock held in the name of the Trust on the Company's stock register; and

e. Requires that nominees for RDI's Board of Directors have *bona fide* qualifications to serve on the board of a public company engaged in RDI's two principal business segments, cinemas and real estate development.

4. For judgment against each of the Defendants for breach of their respective fiduciary obligations;

5. For actual and compensatory damages incurred by RDI and/or by Plaintiff and against each of Defendants in an amount according to proof at trial;

6. For costs of suit herein; and

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7. For such other and further relief as the Court may deem just and proper.

DATED this 2nd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
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Attorneys for Plaintiff
James J. Cotter, Jr.

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
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VERIFICATION OF JAMES J. COTTER, JR. OF

SECOND AMENDED VERIFIED COMPLAINT

I, James J. Cotter Jr., declare as follows:

1. I am over the age of eighteen (18) years and competent to testify to the matters set forth herein. Pursuant to all applicable laws, I swear as follows:

2. As a shareholder of Reading International, Inc. ("RDI"), I am plaintiff in the above-captioned action.

3. As stated in the Second Amended Verified Complaint (the "First Amended Complaint"), I am and at all times relevant to this action have been a shareholder of nominal defendant RDI.

4. I have read the Second Amended Complaint and am familiar with the contents thereof. The factual allegations therein are true based upon my personal knowledge, except for those matters set forth upon information and belief, which I believe to be true, as well.

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 31 day of August, 2016

JAMES J. COTTER, JR.

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of September, 2016, I caused a true and correct copy of the foregoing **SECOND AMENDED COMPLAINT** to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Judy Estrada
An employee of Lewis Roca Rothgerber Christie LLP

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