

						Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Earning (\$)	(\$)	(\$)
Ellen M. Cotter <sup>(1)</sup>	2015	402,000	250,000	—	—	—	25,465 <sup>(2)</sup>	677,465
Interim President and Chief Executive Officer, Chief Operating Officer - Domestic Cinemas	2014	335,000	—	—	—	—	75,190 <sup>(2)</sup>	410,190
	2013	335,000	—	—	—	—	24,915 <sup>(2)</sup>	359,915
James Cotter, Jr. <sup>(2)</sup>	2015	195,417	—	—	50,027-	—	16,161 <sup>(2)</sup>	261,605
Former President and Chief Executive Officer	2014	335,000	—	—	50,027-	—	26,051 <sup>(2)</sup>	411,078
	2013	195,417	—	—	29,182-	—	9,346 <sup>(2)</sup>	233,945
Dev Ghose <sup>(2)</sup>	2015	257,692	75,000	—	382,334	—	15,730 <sup>(2)</sup>	407,005
Chief Financial Officer and Treasurer	2014	—	—	—	—	—	—	—
	2013	—	—	—	—	—	—	—
Andrzej J. Matyczynski <sup>(2)</sup>	2015	324,000	—	—	33,010	150,000 (8)	27,140 <sup>(2)</sup>	534,150
Former Chief Financial Officer and Treasurer	2014	308,640	—	—	33,010	150,000 (8)	26,380 <sup>(2)</sup>	518,030
	2013	308,640	35,000	—	33,010	50,000 (8)	25,755 <sup>(2)</sup>	452,405
William Ellis	2015	350,000	60,000	—	57,194	—	28,330 <sup>(2)</sup>	495,524
General Counsel <sup>(2)</sup>	2014	71,795	10,000	—	9,532	—	2,500 <sup>(2)</sup>	93,827
	2013	—	—	—	—	—	—	—
Robert F. Smerling	2015	350,000	75,000	—	—	—	22,899 <sup>(2)</sup>	447,899
President - Domestic Cinema Operations	2014	350,000	65,000	—	—	—	22,421 <sup>(2)</sup>	437,421
	2013	350,000	25,000	—	—	—	21,981 <sup>(2)</sup>	396,981
Wayne Smith <sup>(2)</sup>	2015	274,897	71,478	—	—	—	2,600 <sup>(2)</sup>	348,975
Managing Director -Australia and New Zealand	2014	324,295	72,216	—	—	—	2,340 <sup>(2)</sup>	398,851
	2013	340,393	48,420	—	—	—	2,075 <sup>(2)</sup>	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 Future Payouts Under Equity Incentive Plan Awards				All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying of Option Awards (#)(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 (#)	Units (#)	Options (#)				
Ellen M. Cotter	-	-	-	-	-	-	-	-	-	-	-	-	-
James Cotter, Jr.	-	-	-	-	-	-	-	-	-	-	-	-	-

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## Proxy statement

Dev Ghose	5-11-2015	-	-	-	-	-	-	100,000	13.42	\$382,334
Andrzej J. Matyczynski	-	-	-	-	-	-	-	-	-	-
William Ellis	-	-	-	-	-	-	-	-	-	-
Robert F. Smerling	-	-	-	-	-	-	-	-	-	-
Wayne Smith	7-16-2015	-	-	-	-	-	-	6,000	-	\$84,000
(1)										

- (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**

	Class	Option Awards				Stock Awards	
		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. <sup>(1)</sup>	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 <sup>(2)</sup>	A	8,815	40,000	8.94	12/31/2016	0	0
Dev Ghose	A	25,000 <sup>(3)</sup>	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 <sup>(4)</sup>	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:

Name	Class	Option Awards		Stock Awards	
		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. <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(b)</sup>	0	0	39,330 <sup>(b)</sup>	39,330 <sup>(b)</sup>	0
Andrzej J. Matyczynski	50,000 <sup>(a)</sup>	177,250	0	0	177,250	0	600,000
Robert F. Smerling	0	125,562	0	0	125,562	0	415,000 <sup>(a)</sup>

- (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 McEachem, 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.

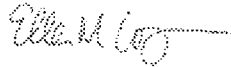
#### DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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.FORPROXY.COM/RC](http://WWW.FORPROXY.COM/RC)

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 website and follow the instructions to access your account and to create an Internet voting instruction form.

OR

**VOTE BY TELEPHONE**

1-800-353-7885

Use any touch-tone telephone to transmit your voting instructions (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 you. For: Cedar Rapids, IA, P.O. Box 3072, Hyde Park, IA 52543-0307.

If you return 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 person to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBER

△ If returning a proxy by mail, please sign and date the card below and fill out details and a declaration before mailing. ✓

**READING INTERNATIONAL****ANNUAL MEETING PROXY CARD**

**BOARD OF DIRECTORS** - The Board of Directors recommends a vote FOR all nominees listed.

**Proposal 1**

(1) Ellen M. Carter (2) Guy W. Adams (3) Amy Coddling (4) James J. Conner, Jr. (5) Margaret Cotten  
 (6) William D. Gould (7) Edward L. Kane (8) Douglas J. McEachern (9) Michael J. Winkler

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 nominee(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 herein. Instructions about each sign. When signing as officer, director, shareholder, trustee or guardian, please give full name and address of a corporation, partnership, estate or trust by authorized officer, giving full name and address of each person. Please sign in permanent ink by authorized person, giving full name and address.

**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 fill out detach card if preparation before mailing.



### 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. Collier and Andrzej Mahozynski, 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 5333 Bristol Parkway, Culver City, California 90230 on Thursday, June 2, 2016 at 11:00 a.m., local time, and stand 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 HOLDER'S DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

SEE REVERSE SIDE

# **EXHIBIT 30**

## **EXPERT REPORT OF ALFRED E. OSBORNE, JR., PH.D.**

3292493.2

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## **EXPERT REPORT OF ALFRED E. OSBORNE, JR.**

I, ALFRED E. OSBORNE, JR., Ph.D., declare as follows:

### **I. QUALIFICATIONS**

1. I am a Senior Associate Dean at UCLA Anderson School of Management.  
In this role, I oversee a variety of key areas and initiatives, including resource development, alumni relations, corporate initiatives, and executive education.
2. I am also Professor of Global Economics, Management and Entrepreneurship. I have taught courses in microeconomics, entrepreneurship, new venture initiation, social entrepreneurship, family business, governance, technology commercialization, and business plan development.
3. I am the founder and Faculty Director of the Anderson School's highly ranked Harold and Pauline Price Center for Entrepreneurship and Innovation. The Center serves to organize faculty research, curricula, and student activities related to the study of entrepreneurship and new business development at UCLA Anderson.
4. As a corporate governance expert, I established and teach in the Director Education and Certification Program at the Anderson School, which is designed to help officers and directors of public, private, and not-for-profit organizations prepare for the fiduciary duties and legal responsibilities of governance. This program also addresses best practices and topical issues confronting directors.

5. I also established and teach in the Steinbeck Family Business Seminar at the Anderson School, which is designed to help families with significant ownership or control positions in business enterprises understand and manage family and relationships in the governance of the business. This program also addresses best practices and topical issues confronting directors of family-controlled businesses.
6. I was educated at Stanford University where I earned four degrees: a Ph.D. in Business and Economics, an MBA in Finance, an M.A. in Economics, and a B.S. in Electrical Engineering.
7. I am a consultant and advisor to public and private corporations on matters of corporate governance, and I also serve as an expert witness in this area. My service as a member of the boards of directors of public, private, and not-for-profit organizations is broad and extensive and spans more than 30 years. I have been a director of more than a dozen public corporations and many private companies, including family-controlled enterprises and entrepreneurial ventures. Moreover, I have served on or chaired several committees, including the board of directors' audit, compensation, and governance and nominating committees and, on occasion, committees established to address special situations; and I have acted as the lead independent director in several instances.
8. I currently serve as the lead independent director at Kaiser Aluminum, Inc., where I also serve as chair of the governance and nominating committee and as a member of the audit committee. I am also a director

at Nuverra Environmental Solutions, Inc. where I chair the audit committee and serve as lead independent director. At Wedbush, Inc., I chair the compensation and audit committees. I serve as the chair of the governance and nominating committee and as a member of the audit committees for the FPA family of funds to include: FPA Capital Fund, Inc., FPA Crescent Fund, FPA International Value Fund, FPA New Income, Inc., FPA Paramount Fund, Inc., and FPA U.S. Value Fund, Inc.; and Source Capital, a publicly-traded closed-end mutual fund.

9. I have served many years on the corporate boards of various companies, including Times Mirror Company, US Filter Corporation, Greyhound Lines, Inc., First Interstate Bank of California, Nordstrom, Inc., and K2, Inc. I have also served as an economic fellow at the Brookings Institution and as a Fellow at the Securities and Exchange Commission where I directed studies that contributed to changes in Rule 144, Regulation D, and other exemptive requirements to the securities laws designed to lower costs and improve liquidity and capital market access to venture capitalists and emerging growth firms alike.
10. I also serve on the boards of several not-for-profit organizations, including the Los Angeles Police Memorial Foundation, the Louis and Harold Price Foundation, and the Harvard-Westlake School. I am currently chair of the Fidelity Charitable Gift Fund, having served as chair of the audit and investment committees of that Board.



11. My current research interests include venture capital and private equity, and the role of the board of directors in private and public corporations. In addition, I consult with growing companies and nonprofit organizations on business, corporate governance, and economic matters.
12. My Curriculum Vitae, which includes a list of my publications and a sample of presentations, is attached as **Exhibit 1**. A list of my deposition and trial testimony over the past four years is included in **Exhibit 2**.

## **II. ASSIGNMENT**

13. I have been retained by counsel for William Gould to opine on matters relating to corporate governance and assess Williams Gould's role, responsibilities and conduct as an Independent Director in certain corporate governance processes at Reading International, Inc. ("RDI"), specifically (1) the search for a Chief Executive Officer (CEO), (2) the selection and appointment of Judy Coddington and Michael Wrotniak to the Reading International, Inc. Board of Directors (the "RDI Board"), (3) the filing of particular Form 8-Ks and the issuance of certain press releases identified in the Second Amended Complaint (SAC), (4) the approval of a particular set of Board Minutes, (5) the unsolicited third-party cash offer to purchase all of the outstanding Class A and Class B stock of RDI; and (6) certain compensation of Ellen Cotter, Margaret Cotter, and Guy Adams approved in or around March 2016.
14. In formulating my opinions, I have relied on my knowledge, prior experience, and formal training in economics, finance, and business

management. As a member of several boards of directors for more than 30 years, I have developed considerable experience in the hiring of CEOs, the search for and selection of directors of public, private, and closely-held companies, and the use of executive search firms in those processes. My board service is broad and extensive, so I am knowledgeable about board matters, such as the approval and review of minutes, documents such 10-Ks, 10-Qs, 8-Ks, Schedule 14As, filings with the Securities and Exchange Commission (SEC), and executive compensation arrangements.

15. In performing my analysis, I have examined a variety of materials, including legal pleadings, RDI's Bylaws and Articles of Incorporation, RDI's Board or Committee Minutes, and the Agenda and supporting material established for the various meetings, RDI's filings with the SEC, such as proxy statements under Schedule 14A, reports on Form 10-K and 8-K in the relevant time period, and deposition testimony. A complete list of the documents I considered in forming my opinions is listed in

**Exhibit 3.**

16. My work in this matter is ongoing, and I reserve the right to supplement my current analysis as additional information becomes available.
17. I am being compensated for my time and services on an hourly basis. I am charging my regular hourly rate of \$1,500. My compensation is not contingent upon the conclusions I reach or on the outcome of this matter.

### **III. SUMMARY OF OPINIONS**

18. Based on my review of materials and my knowledge and experience in corporate governance, I have formed the following opinions.
- a. In general, the actions taken by William D. Gould ("WDG") in his role as an Independent Director of RDI were reasonable and consistent with appropriate governance principles and practices for an independent director in a controlled company and were accomplished in a responsible manner.
  - b. For each of the specific issues reviewed, WDG behaved in a thoughtful and effective manner. WDG was fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of his responsibilities.
    - i. On the CEO search, the conduct of WDG and the CEO Search Committee was consistent with good governance practice in the search for a CEO, in that the directors on the Search Committee worked with a search firm to agree on a position specification, fairly and thoroughly interviewed several candidates, and then weighed all of the criteria against the requirements of the position in the culture of RDI. Taking these factors into account, WDG and the Committee recommended the internal candidate who had successfully been acting as interim CEO for six months, a reasonable decision. Moreover, terminating the work of Korn Ferry once

the Committee had landed on Ellen Cotter was reasonable and consistent with good governance, because the Committee was familiar with Ms. Cotter and did not need a further assessment.

- ii. On the search and selection of Director candidates, WDG acted reasonably and in compliance with his fiduciary duties in voting to nominate Wrotniak and Coddington to the RDI Board because, in a controlled company such as RDI, the wishes of the then-controlling shareholder can be taken into account with respect to directors. Moreover, the mere fact that Wrotniak was married to a friend of Margaret Cotter, and Coddington was a friend of the Cotter director's mother does not affect their independence nor is it disqualifying. In addition, WDG was entitled to rely on the work of others, such as advisors and the Special Nominating Committee, to vet Coddington and Wrotniak.
- iii. On the filing of 8-Ks, it is ultimately the responsibility of management, not board members, to ensure the accuracy of 8-K filings and press releases. WDG's actions with respect to 8-K's—reviewing the 8-K and providing comments or corrections in cases where he had them—were reasonable, appropriate, and complied with his obligations as an independent director.

- iv. On the approval of board minutes for the minutes of the meeting at which he was terminated, WDG testified that the minutes he approved substantially reflected what had occurred. It was reasonable and appropriate to approve such board minutes. Board Minutes are not intended to be an exhaustive, word-for-word transcription of what occurred. WDG's approval of the minutes in question complied with his obligations as an independent director.
- v. On the approval of allegedly excessive compensation to Margaret Cotter, Ellen Cotter, and Guy Adams, WDG acted reasonably and consistent with his obligations as an independent director in approving these payments, which were recommended by the Compensation Committee (and in the case of Margaret Cotter, also the Audit and Conflicts Committee), as discussed further below. Moreover, the payments themselves were within a reasonable range.
- vi. On the unsolicited third-party offer, it appears that Ellen Cotter may have received some indication of interest from somebody in making an offer to purchase the stock. She brought it to the RDI Board, and it is alleged that there was a discussion, following which the RDI Board decided to say no. Whether or not this is a bona fide offer is not clear from the allegations in the SAC, but in the absence of other

information, it is not uncommon for a board to just say no pending further overtures or developments. As a result, based on the limited allegations in the SAC on this matter, I conclude that WDG acted consistent with his obligations as an independent director when he voted 'no' on the alleged offer.

- c. WDG's approach as an independent director demonstrated that he kept the interests of the company and all of its shareholders foremost in mind.
- d. The processes followed by WDG with respect to the above issues are generally consistent with basic governance principles and practices, given the challenges and conflicts inherent in a family-controlled public company. As a result, WDG's conduct with respect to the above-noted issues was responsible and consistent with his obligations.

#### **IV. PRINCIPLES OF GOVERNANCE FOR BOARDS AND INDIVIDUAL DIRECTORS**

##### **A. Overview of the Board of Directors and Director Responsibilities**

- 19. Corporations are governed by a Board of Directors ("Board"). The Board is organized to oversee the operations of the enterprise, to establish goals and objectives, as well as policies and procedures, and to maintain fiscal responsibility, management accountability, and mission integrity. Effective boards rely on what Roger Raber, a former president of the National

Association of Corporate Directors, describes as the “3 I’s”: Information, Integrity, and Independence.

20. The authority and power of the Board to act on behalf of the shareholders is articulated in the articles of incorporation, the bylaws, and various shareholder agreements. Board approval is required for amendments to the by-laws, the issuance of ownership shares by the corporation, dividends, and any proposal or recommendation to shareholders to repurchase shares, to dissolve or merge, or to sell the assets of the enterprise to anyone.<sup>1</sup>
21. The Board’s responsibility is one of oversight and, through established corporate policies and related procedures, the Board supervises and monitors management’s ongoing performance. To fulfill its oversight function, the Board must continually monitor the corporation’s business and affairs, including risk assessment and management, compliance with legal obligations and corporate policies, and the quality of financial reporting, as well as respond to issues that may require additional probing or investigation.<sup>2</sup>
22. To make this point and to highlight the distinction between oversight and operations, the National Association of Corporate Directors (“NACD”) has

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<sup>1</sup> American Bar Association. Corporate Director’s Guidebook. 4th ed. Chicago: ABA Publishing, 2004 at Section 2 and 3; National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors at Section 2 and 3.

<sup>2</sup> *Id.*

adopted a policy known as NIFO.<sup>3</sup> “NIFO” means “Nose In–Fingers Out.” “Noses In” refers to the steps taken by individual directors to be attentive and informed, to meet, to study, to seek advice, to gather information, to deliberate and carefully evaluate management proposals prior to making decisions—in short, to conduct whatever diligence the directors, in the exercise of their business judgment, deem necessary for their collective action as might be required by the circumstances or matters before them. “Fingers Out” reminds directors that the details of execution and operations is the purview of management who is charged with running the business on a daily basis and carrying out policies and procedures under the broad direction of the Board. It is the management that is “hands-on,” and it is the management that has its “fingers in” the business.

23. The line between those functions that can be termed “oversight” and those termed “operations” is not easily drawn, particularly in a family-controlled, publicly owned enterprise where members of management are also members of the Board, but this role distinction can be somewhat understood in a temporal context. The Board has a more long-run perspective, while the management must be concerned with the short-run or the more immediate day-to-day matters confronting the enterprise. The Board’s focus is external and outward, while management’s focus is internal and inward.<sup>4</sup>

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<sup>3</sup> National Association of Corporate Directors. *a Practical Guide: Fundamentals for Corporate Directors*. 2003 ed. Washington, D.C.: National Association of Corporate Directors, at p. 15.

<sup>4</sup> American Bar Association. *Corporate Director’s Guidebook*. 4th ed. Chicago: ABA Publishing, 2004, Section 2, and Section 3(I).



24. In this connection, the management of a corporation “proposes” and the Board “disposes” within its authority established in the bylaws after requisite information, consideration, and open and honest deliberation. This proposal and disposal distinction is vital to reasoned and timely deliberation by the Board.<sup>5</sup> The distinction is particularly important in efforts to recruit management and directors, and the consideration of liquidity and or capitalization proposals, and the timely filing of regulatory reports, which are all items that could alter the rights and expected economic returns to the company’s shareholders.
25. The Board must therefore choose a corporate governance framework and a corporate structure to discharge its responsibilities. The composition of the Board, its schedule of meetings, the agenda, the use of committees, and how it receives reports, disclosures, and proposals are all essential ingredients, and each will impact the Board’s ability to serve the interests of the corporation and its shareholders. The quality of the information flow to the Board and its timing relative to the actual matters under consideration is particularly important to effective governance.
26. Directors can also rely on the work of others in the discharge of their responsibilities. The reliance on reports, documents, and information or opinions provided by others is central to the proper functioning of a board. Of practical importance is the reliance on financial statements and legal evaluations or analyses prepared by others or the assurances given

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<sup>5</sup> *Id.*, pp. 13-14.

directors by management on the quality of all systems for accurate reporting of the transactions of the corporation.

27. Directors are expected to act in good faith, with reasonable care, and in the best interests of the corporation and its shareholders. Directors are also expected to avoid conflicts of interest and must refrain from putting their individual economic interests ahead of the interests of all shareholders and the corporation.<sup>6</sup> This responsibility of directors to the corporation is widely accepted and has led to a set of core guidelines that are well-understood by practitioners.<sup>7</sup>
28. Although the entire Board is ultimately responsible for the governance of the corporation, the Board may delegate certain of its oversight tasks to committees of the Board, such as an Audit or Compensation Committee. Boards often establish an Executive Committee ("EXC") to act on behalf of the Board between meetings and/or to serve as a sounding board for strategies and related issues that will subsequently be presented to the full Board. At times, the Board may establish a special committee for an extraordinary purpose. Similarly, the Board may retain the services of outside advisors, depending on its needs and requirements.<sup>8</sup>

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<sup>6</sup> Although conflicts of interest are best avoided (and there is no allegation that WDG was operating under a conflict of interest), the presence of a conflict does not by itself compromise the independence of the Board. However, where a director has a personal financial interest in a transaction, the Board may still satisfy its responsibilities if: (a) the conflict of interest is disclosed to the other directors, and (b) the transaction is approved by a majority of the disinterested directors. It is not the existence of a conflict of interest that creates problems for directors, but the manner in which the interested director and the board deal with the situation that determines the propriety of a director's behavior and/or the board's conduct. Disclosure and transparency are critical to the appropriate handling of conflict-of-interest situations.

<sup>7</sup> See, generally, National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors, 2.

<sup>8</sup> National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors at p. 44.

29. Although corporations can vary in size, type, and ownership arrangements, the rules that govern boards of directors, as well as the best practices for corporate governance, are generally the same regardless of the size or age of the corporation, whether public or private, or, if public, exchange listing and its shareholder base.
30. All things considered, directors have a responsibility to be the very best stewards of the shareholder's assets. They do so by making decisions that focus on the long-term value creation strategies and making certain that the right individuals are retained and hired to lead the company.

**B. Governance at Reading International, Inc. (RDI)**

31. RDI is a publicly-owned corporation whose securities are traded on the NASDAQ stock exchange. The company, founded in 2001, is identified as a "Controlled Company" under the listing requirements of that exchange.<sup>9</sup>
32. For NASDAQ-listed public corporations, if significant beneficial ownership of voting common stock resides in one individual or a small group of individuals that may have some agreement to vote together, that corporation can be granted what is known as "Controlled Company" status.
33. A "Controlled Company" under Section 5615(c)(1) of the listing rules for NASDAQ can be granted certain exceptions to the corporate governance requirements, if the Board elects to do so. For example, a "Controlled Company" is not required to have an independent nominating committee

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<sup>9</sup> See, generally, [http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp\\_1\\_1/chp\\_1\\_1\\_4/chp\\_1\\_1\\_4\\_3/chp\\_1\\_1\\_4\\_3\\_8/default.asp](http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp_1_1/chp_1_1_4/chp_1_1_4_3/chp_1_1_4_3_8/default.asp)

or an independent nominating process, since it is deemed that the controlling shareholder or shareholders can elect or remove whomever they choose by providing notice for a meeting of shareholders at any time.

34. ***Simply because of their majority ownership position***, control shareholders should be consulted and effectively involved in key board decisions so that their input as insiders is taken into account in the assessment and counsel provided by independent directors.
35. During the relevant time period (August 2014, when Cotter Sr. resigns to the present), the RDI Board consisted of up to nine directors, three of whom were Cotter family members (James Cotter, Jr., Ellen Cotter, and Margaret Cotter) who can be considered insiders. The remaining six directors whose identity varied during this time period (termed “non-Cotter directors”) could be considered outsiders and are largely independent as that term is defined in the NASDAQ Rule 5605(a)(2).<sup>10</sup>
36. Ellen Cotter serves as Chair of the Board, CEO, and President, and her sister, Margaret Cotter, serves a Vice-Chair and Executive Vice President.<sup>11</sup>
37. The RDI Board has three standing committees with charters delineating their respective responsibilities: an Executive Committee (EXC), an Audit Committee, and a Compensation Committee. There is a Tax Oversight

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<sup>10</sup> Deposition of William Gould at 14-17; RDI 2014 Proxy Statement, RDI 2015 Proxy Statement, RDI 2016 Proxy Statement.

<sup>11</sup> RDI 2016 Proxy Statement; RDI0054790-54807.

Committee, which has been inactive and whose functions will be undertaken by the Audit Committee.<sup>12</sup>

38. The EXC is comprised of four members: the Chair and Vice-Chair of the RDI Board and two non-Cotter Independent Directors. For the EXC to take action on any matter brought by management, concurrence by at least one of the non-management directors is required.
39. The RDI Board met at least 19 times during the relevant period.<sup>13</sup> The EXC met at least six times and considered matters that would subsequently be reported and further considered by the full RDI Board.<sup>14</sup> In particular as to the specific issues identified above, the minutes illustrate reasonable discussion among directors of matters presented to the RDI Board (either in person or telephonically) for consideration.<sup>15</sup> **Exhibit 4** is a chart noting many of the key meeting dates of the RDI Board and the EXC, although it is not intended to be an exhaustive list.<sup>16</sup>
40. Given the fundamental principles of corporate governance and taking into account the controlled status of the company, the RDI Board appears to have established reasonable processes and procedures to carry out the business of the corporation on behalf of all of the company's shareholders with respect to the challenged actions identified above. WDG, in particular, is an experienced board member with thoughtful perspectives regarding his responsibilities as a member of the RDI Board.

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<sup>12</sup> RDI 2014, 2015 and 2016 Proxy Statements

<sup>13</sup> See List of Board Minutes and Board Books listed in **Exhibit 3**.

<sup>14</sup> Deposition of Ellen Cotter at pp. 145-148; RDI 2016 Proxy Statement.

<sup>15</sup> See Board Minutes listed in **Exhibit 3**.

<sup>16</sup> This chart was compiled from the list of Board Minutes and Board Books listed in **Exhibit 3**.

**V. WILLIAM D. GOULD AS A DIRECTOR**

41. William D. Gould (WDG) is an experienced corporate attorney and partner of the respected law firm of Troy Gould PC.<sup>17</sup> WDG is familiar with fundamental corporate governance principles and the duties and responsibilities of directors of public and private companies.<sup>18</sup>
42. WDG has served on the RDI Board since 2004. He was off for a period of two to three years and then asked to rejoin the Board some six or seven years ago.<sup>19</sup>
43. WDG serves as the Lead Independent Director, and in this role serves to represent the views of the independent directors to management and acts as a sounding board for all directors and a liaison between the RDI Board Chair, who is also the CEO and President, and the Independent directors.<sup>20</sup> I note that the SAC does not allege that WDG was not independent, and the Plaintiff concedes that WDG is, in fact, independent. James Cotter, Jr. Dep. at pp. 79-80.

**A. WDG and the CEO Search Process**

44. WDG served on the RDI Board-approved CEO Search Committee ("CEOSC") for a period of six months in the latter part of 2015 and early 2016 with Directors Doug McEachern, Ellen Cotter (until she became a candidate), and Margaret Cotter.<sup>21</sup> The CEOSC was assisted by Craig Tompkins, counsel for RDI, and Korn Ferry International ("KFI"), the

<sup>17</sup> Deposition of William Gould at p. 12; RDI 2014-2016 Proxy Statements.

<sup>18</sup> Deposition of William Gould at pp. 12-17.

<sup>19</sup> Deposition of William Gould at pp. 15, 17.

<sup>20</sup> See generally Deposition of William Gould (discussing throughout his role and actions as lead director); RDI 2014-2016 Proxy Statements.

<sup>21</sup> Deposition of William Gould at 18-19; Deposition Exhibit 313.

executive search firm retained by RDI to work with the CEOSC in the search process.<sup>22</sup>

45. A timeline of the CEOSC process is shown in **Exhibit 5**, which notes key activities and communications that occurred during that process. It is not intended to be an exhaustive list. These items are color coded with the following legend: Red=Emails, Green=Miscellaneous Events, Blue=Meetings. Where more than one event occurred on the same day, all colors relating to the events on that day are used in a gradient. Where an event box is filled in Dark Yellow, WDG participated in the event. Where it is filled in in Light Yellow, he attended or was copied on an email. Individuals are identified by their respective initials as notes in the table. For example, EC=Ellen Cotter. For purposes of this discussion, several of these items are highlighted and reviewed below.<sup>23</sup>

- a. After the CEOSC was formed in August 2015, WDG was interviewed by KFI in the initial framing of parameters for the search. Input from WDG (and other RDI Board Members on the CEOSC) assisted KFI prepare a draft specification of the ideal profile of preferred candidates.
- b. Position specification shared with RDI Board after feedback from CEOSC members in mid-September 2015.

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<sup>22</sup> Deposition of William Gould at pp. 287-288; see generally Deposition of Robert Mayes (rough transcript); Deposition Exhibits 307-314; 378-380.

<sup>23</sup> These events are culled from deposition testimony, including that of William Gould at pp. 349—370; 427-438; Robert Mayes, Ellen Cotter at pp. 52-3; 73-129; Margaret Cotter at pp 24-70, 81-95; 116-132; 387-400 and Douglas McEachern at pp. 428-485; and Deposition Exhibits 30, 31, 199, 307-14, 313, 328, 330, 347, 348, 378-389.

- c. KFI provides the CEOSC with email update on September 30, 2015.
- d. In an October 17, 2015 email, KFI and Ellen Cotter start the process of setting up candidate interviews.
- e. Before candidate interviews begin, Ellen Cotter decides that she is interested in becoming a candidate and resigns from the CEOSC on November 13, 2015.
- f. CEOSC begins interview of five candidates identified by KFI.
- g. WDG, upon Ellen Cotter's decision to be a candidate, becomes the informal convenor pro of the CEOSC sometime prior to December 17, 2015, when he was selected the Chair of that special RDI Board Committee .
- h. CEOSC discusses the pros and cons of the Ellen Cotter candidacy among itself and with KFI.
- i. KFI recommends three finalists to undergo further diligence and a new candidate to interview.
- j. CEOSC interviews candidates.
- k. CEOSC meets on December 29, 2015, to review to three finalists.
- l. CEOSC concludes that Ellen Cotter is the recommended candidate.
- m. Search terminated and KFI is dismissed.



46. A memorandum from Craig Tompkins on behalf of the CEOSC is sent to full RDI Board at the completion of the search.<sup>24</sup> The full RDI Board subsequently votes to appoint Ellen Cotter as permanent CEO.
47. After reviewing the process established, the various emails and memoranda, and assessing the deliberations of the CEOSC, the summary report on the work of the committee (and KFI), as reported by Craig Tompkins, and based on my experience and knowledge of executive searches, including CEO searches, it is my opinion that that the overall conduct of the CEOSC was appropriate and consistent with good governance practices in the search for a CEO.
48. The selection of a CEO is an important responsibility for the Board and individual directors. The CEOSC, working under delegated authority with the RDI Board, interviewed several capable candidates.<sup>25</sup> Each director on the selection committee, agreed on the position specification as developed with KFI and weighed that criteria against the demands of the position in the then-existing culture at RDI. The CEOSC conducted fair and thorough interviews with all candidates. The CEOSC compared notes and impressions, and in the end decided to recommend the internal candidate.<sup>26</sup> Testimony from WDG highlights the positive qualities of several candidates and his decision to recommend the appointment of

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<sup>24</sup> Deposition of William Gould at pp 427-8; Deposition Exhibits 313.

<sup>25</sup> Deposition of William Gould at pp. 349—370; 427-438, Deposition of Robert Mayes [rough] at 12-14; Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition of McEachern at pp. 428-485. Deposition Exhibits 313, 386, 38.

<sup>26</sup> Deposition of William Gould at pp. 349—370; 427-438, Deposition of Robert Mayes at 70-75, Deposition Exhibits 313, 389; Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition of McEachern at pp. 428-485.

Ellen Cotter as CEO.<sup>27</sup> WDG's decision to recommend Ellen Cotter was carefully considered, and the reasons he gave for preferring Ellen Cotter are all reasonable and appropriate matters to consider in selecting a CEO.

As WDG explained during his deposition:

[A]fter listening to Ellen, thinking about it, and looking at the prior candidates, even though they were all good, that she probably made the most sense for where we were at this time. Because she had a great reputation, the people liked her at the company ... we all thought highly of her, every one of us. She is intelligent. She has the kind of a personality that could help get through some of these difficulties dealing with other people. And she had theatrical experience. She was willing to bring in real estate help. And that this was a very tough time to bring in somebody from the outside given the fact that nobody knew who would actually control this company a year down the line. And for all those reason, you know, it just became apparent to me, -- I just said, 'This makes the most sense for the company.'

Gould Dep. at p. 368.<sup>28</sup>

49. There is some suggestion in the SAC that the search process was terminated early and the KFI efforts did not go to conclusion. In my experience, it is not unusual for CEO searches to, in fact, be terminated when the search committee believes it has converged on a final set of candidates and that there is a qualified candidate in the group being considered. Early termination squares with my experience as a director having been involved in numerous searches for top managers. This is especially true since the CEOSC preferred the internal candidate, Ellen

<sup>27</sup> Testimony of William Gould at pp. 344-370.

<sup>28</sup> Shareholders, including a former plaintiff in this case, support Ellen Cotter's selection as CEO based on her knowledge of RDI's business and the culture of the company. See Deposition of Jonathan Glaser at pp. 258-259.

Cotter, and Korn Ferry's next step was a deeper dive on the "make-up" of the candidate, which was not necessary here since the CEOSC was already familiar with Ellen Cotter.<sup>29</sup> In this instance, KFI did their job, and per the terms of the contractual arrangement, received appropriate remuneration.

50. In addition, in my experience, the value of a candidate who has demonstrated ability and growth as a leader while in the interim CEO position is a very positive element in the assessment process. Even if an outside candidate has superior technical skills, the inside candidate knows the culture and the people, has the tenure, respect, and support for continuity and an alignment with the controlling shareholder and shareholder interests generally. This person is most likely able to mitigate the risk inherent in a company with significant control shareholders embroiled in litigation. These are legitimate factors to consider in the CEO selection process. Moreover, any gap in technical skills (here, as alleged, a background in real estate development) can be readily dealt with by hiring an employee or consultant with that skill set to advise the CEO. It is also my view that hiring an outsider into the uncertain situation at RDI represents a larger risk to shareholder value.
51. I conclude that the CEOSC and the RDI Board conducted a transparent and even-handed process. While different candidates may display differing capabilities relative to the position specification and the total

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<sup>29</sup> Deposition of William Gould at pp. 433-35; Deposition of Robert Mayes at 19 (Rough Transcript); Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition Exhibit 313.

demands for the job, including both hard and soft skills, a subjective element, which has to be taken into account, is the fit with the existing RDI culture and experience with the key elements of the business. Based on my experience and my review of the deposition testimony and deposition exhibits, I believe that the decision of the CEOSC is reasonable and prudent. It is my opinion that WDG as a member of the CEOSC acted with the care and diligence once would expect from an independent director. WDG behaved in a thoughtful and effective manner. WDG was fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of his responsibilities in the interview sessions with potential candidates, in the CEOSC deliberations, in his decision to terminate the Korn Ferry review process, in arriving at his recommendation to the Board, and in voting to elect Ellen Cotter as CEO. He fully complied with all of his obligations as an Independent Director.

**B. WDG and the Search for Independent Directors**

52. **Exhibit 6** is a timeline of significant events and communications associated with the RDI process to identify Independent Directors. The exhibit identifies key activities, actions, and communications that occurred during that process. As in **Exhibit 5**, these items are color coded and individuals are identified by their initials as noted earlier. Several of those events are highlighted and reviewed below, beginning with the May 2015 email exchange between Ellen Cotter and Guy Adams regarding the

EXC's role in the nomination and selection of candidates for the vacant seat on the RDI Board.<sup>30</sup>

53. The EXC is currently composed of Ellen Cotter, Margaret Cotter, Edward Kane, and Guy Adams, with Ellen Cotter acting as Chair. The EXC did not meet in 2014 and was reconstituted in 2015.<sup>31</sup>
- a. WDG is not a member of the EXC and was not copied on the May 9, 2015 email regarding the search process to be established for new directors.
  - b. The EXC meets on July 20, 2015, and resolves to propose Fermi Karahan as a candidate to fill the vacant seat on the RDI Board. WDG is not present at this meeting.
  - c. On August 3, 2015, James Cotter, Jr. emails the RDI Board and questions suitability and qualifications of Karahan.
  - d. At the RDI Board Meeting on August 4, 2015, Ellen Cotter informs the RDI Board that Karahan has withdrawn his candidacy.
  - e. On September 8, 2015, Dr. Judy Coddington emails her biography to Ellen Cotter and notes her interest in being considered as a candidate for the vacant seat on the RDI Board.
  - f. On September 22, 2015, Ellen Cotter circulates the Coddington Resume to Edward Kane and Guy Adams, who subsequently have

<sup>30</sup> These events are culled from deposition testimony, including that of Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68, 297-301) and William Gould (pp. 171-181, 454-458; 487-489) and Deposition Exhibits, including Exhibits 45, 52, 398 and 415; and the following documents: DM2786, DM3252, DM3386, DM3585, DM3580, DM3787-9, DM4306, EK696, EK804, EK867, EK805-14, RDI24929, RDI54248, RDI40047.

<sup>31</sup> Testimony of Ellen Cotter at pp. 145-8; RDI 2016 Proxy Statement.

telephone conversations with Dr. Coddling. WDG is not copied on these communications.

- g. On October 2, 2015, Ellen Cotter sends a memorandum to the RDI Board signaling her intention to propose, at the October 5, 2015, Board Meeting, the Coddling nomination from the EXC.
- h. A Special Nominating Committee ("SNC") consisting of Douglas McEachern, Edward Kane, and Guy Adams is established. McEachern acts as Chair.
- i. Ellen Cotter signal her intent to propose Michael Wrotniak to the RDI Board.
- j. On October 2, 2015, Ellen Cotter meets with WDG to discuss the proposed nomination of Dr. Coddling.
- k. On October 5, 2015, James Cotter, Jr., emails the RDI Board protesting the director appointment process.
- l. Dr. Coddling is elected on October 5, 2015, to serve for an initial term expiring at the next annual meeting of shareholders.
- m. Tim Storey resigns from RDI Board on October 11, 2015.
- n. RDI Board elects Wrotniak for an initial term expiring at the next annual meeting of shareholders.
- o. On October 14, 2015, Andrew Shapiro emails RDI Board informing them about an alleged incident involving Dr. Coddling and the LAUSD.

- p. Ellen Cotter notifies Coddling, who provides email response to Shapiro, which is shared with the Independent Directors.
  - q. McEachern emails background report on Dr. Coddling to the SNC. WDG is not copied on this email.
  - r. SNC meets to consider the Coddling situation and WDG is present along with Ellen Cotter, by invitation. The Shapiro allegations are discussed and found to be without merit. A web search on Michael Wortniak is also conducted with nothing discovered.
  - s. At the November 10, 2015 Annual Meeting of Shareholders, Coddling and Wrotniak are elected to the RDI Board to serve until the next meeting of shareholders or until their resignations, whichever comes first.
54. As noted above in paragraph 35, RDI is a "Controlled Company" and is not required to establish a nominating committee comprised of independent directors. Nonetheless, Ellen Cotter appointed a Special Nominating Committee (SNC) to manage the process of considering candidates for RDI Board positions.<sup>32</sup> WDG was not on this committee, although he was informed about the workings and deliberations of the SNC in both formal and informal contexts.<sup>33</sup>
55. After reviewing the process established, the various emails and memoranda, and assessing the deliberations of the SNC, it is my opinion that the overall conduct of the SNC was appropriate within acceptable

<sup>32</sup> Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68); Deposition Exhibits 52, 415.

<sup>33</sup> Deposition of Gould at pp. 171-181, 454-458; 487-489; Deposition Exhibits 52, 397, 415.

governance practices taking into account the prerogatives of a "Controlled Company" and the majority shareholders. The SNC interviewed the candidates and assessed their personality and experience and determined whether they would be a good fit on the RDI Board.<sup>34</sup> Integrity and honesty are important attributes for potential directors to possess, and I see no evidence that these nominees lacked these qualities, the Shapiro web search notwithstanding. Diversity of thought and experience relative to that already on the RDI Board are constructive elements for productive board discussions and ultimate decision-making. A well-functioning board is collegial; there is a trust and respect engendered, without sacrificing independence and individual thinking. There is no requirement that directors have prior experience in the company's field of operations, and it is not inappropriate to vote for directors who do not have such experience. Nor is there anything wrong with nominating a candidate who has a prior friendship with an officer, director or shareholder, especially where, as here, the prior relationships were marginal. The candidates indicated that they would be objective, and the relationships were disclosed.<sup>35</sup> In fact, a prior relationship and/or friendship can enhance honest conversation, because trust and respect are already established between such directors. In other words, the possibility of open communication enhances independence. In this instance, and with these nominees, there is an understanding by all RDI Board members of the candidates' disclosed

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<sup>34</sup> Deposition of McEachern at pp. 338-393; Ellen Cotter at pp. 239-249; 295-308; Adams at pp. 260-271; 282-294; Kane at 62-8.

<sup>35</sup> Deposition of Gould at pp. 454-455; Adams at pp. 268-9.



relationships with the Cotters. Plaintiffs suggests that having friends or associates on the board compromises independence, but that ignores the practical reality of the board nomination process and who gets elected. Moreover, there is value in having long-serving directors who develop friendships or close associations with other directors and officers over time. And, in the case of a Controlled Company, the prerogatives and veto power of the supermajority shareholder are obvious. I view Coddington and Wrotniak as independent, as independence is defined by NASDAQ and on balance. Adding Coddington and Wrotniak allowed for the practical realities of majority ownership while encouraging the RDI Board to be comprised of a majority of Independent Directors. The RDI Board Minutes that I have reviewed reveal that Coddington and Wrotniak participated, asked questions, and demonstrated an attentiveness that contributes to open and candid conversations in the boardroom.

56. In addition, the process followed by the SNC is also consistent with the RDI culture established by James Cotter, Sr., whereby he recommended candidates as directors and those recommendations were generally accepted,<sup>36</sup> and does not constitute a major change in the operations of the RDI Board.
57. In conclusion, WDG as a member of the RDI Board acted with the care and diligence one would expect from an independent director. WDG behaved in a thoughtful and effective manner. Although not on the SNC, as Lead Independent Director, WDG was fully engaged, careful, attentive,

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<sup>36</sup> Deposition Exhibit 94; Deposition of Kane at pp. 68-9.

informed, deliberate, loyal, and obedient in the exercise of his responsibilities. He voted to nominate Coddington and Wrotniak, who appear to be positive contributors to the RDI Board conversations. Moreover, as indicated earlier, WDG, as a director, was entitled to rely on the work of others, such as advisors and committees of the RDI Board, to vet the nominees and to inform his decisions. In this case, WDG could rely on the work of the SNC, and based on all of the information available to him, his vote in favor of the nominations was reasonable and consistent with his obligations as an Independent Director. Although WDG initially felt rushed, the reality is that there was a proxy deadline, and, on balance, there is a great benefit to RDI (and its shareholders) in moving the process along so that a full slate of directors can be presented to the shareholders at the Annual Meeting.<sup>37</sup> It is my opinion that WDG recognized this greater benefit in voting in favor of the candidates.

**C. WDG and Additional Issues Identified in Second Amended Complaint**

- a. **Approval of Minutes for the RDI Board Meetings at which the subject was the termination of James Cotter, Jr.:** In the SAC, the Plaintiff alleges that WDG approved the minutes from the RDI Board Meetings at which he was terminated, even though he knew that they contained inaccuracies. I have seen no evidence that WDG knew that any of the minutes that he approved were inaccurate. WDG testified that he was aware that Jim Cotter, Jr. had taken issue with the accuracy of the minutes, but that while he

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<sup>37</sup> Deposition of Gould at pp. 174-175.

did not remember all of the discussions that had gone on in the meeting, he did not recall some of the things that Cotter, Jr. had referred to. While WDG did recall some of the specifics that Cotter, Jr. referred to, he felt that the minutes, as drafted, substantially reflected what had occurred. Gould Dep. at pp. 474-475. Based on my experience, Board Minutes are not a word-for-word recitation of what was stated at every instance at a Board Meeting. Minutes are instead intended to generally reflect the discussion and decisions which occurred at the meeting. As a result, WDG's approval of minutes that he believed substantially reflected what occurred at the RDI Board Meetings in question was consistent with the care and diligence one would expect from an Independent Director. He had no obligation to ensure that every comment made at a meeting was reflected in the Minutes, as long as the Minutes generally captured what occurred. WDG's stated reasons for approving the Minutes were sound. WDG's approval of the RDI Board Minutes circulated on July 29, 2015, did not breach his responsibilities.

- b. **Misleading Form 8-Ks:** Plaintiff alleges that WDG failed to cause RDI to correct the June 18, 2015 Form 8-K, which Plaintiff alleges was misleading because it stated that he was required to tender his resignation as a director immediately upon the termination of his employment. See SAC, paragraphs 23, 101(b). The Plaintiff also

alleges that various other Form 8-Ks RDI filed were misleading, although he does not specify whether he is alleging any misconduct on the part of WDG with respect to these other 8-Ks. See SAC, paragraph 101. Form 8-Ks are the “current report” companies must file with the SEC to announce major events that shareholders should know about. Management,<sup>38</sup> and not the Board, has the ultimate responsibility for ensuring the accuracy of these filings. WDG testified that his process with respect to 8-Ks was that RDI’s counsel would submit to the directors a version of the 8-K before it was filed, and that it was his practice to review the 8-K and provide comments or corrections. Gould Dep. at pp. 269-270. WDG’s practice with respect to 8-Ks is consistent with his obligations as an Independent Director. Directors do not sign 8-Ks, and if he reviewed and commented on the 8-Ks in question, he did everything reasonably possible to cause RDI to issue a correct 8-K. For example, with respect to the June 18, 2015 Form 8-K, even if the 8-K was incorrect that Plaintiff was required to tender his resignation as a director immediately upon the termination of his employment, and even if WDG knew that to be incorrect, he acted reasonably and in satisfaction of his obligations if he informed the persons responsible for the 8-K that he believed that to be an erroneous statement. The same is true with respect to any press releases issued by RDI—he does not sign them and, as a director,

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<sup>38</sup> <https://www.sec.gov/answers/form8k.htm>

he does not have ultimate responsibility for their accuracy. Moreover, with respect to the other 8-Ks and press releases, it is clear from WDG's testimony that he either had a different view of the relevant events from Plaintiff, or what was significant, or otherwise did not have a basis from which to believe that the Form 8-Ks or press releases were misleading.<sup>39</sup> Under these circumstances, WDG's actions with respect to the Form 8-Ks and press releases identified in paragraph 101 of the SAC was reasonable and consistent with his obligations as an Independent Director. As stated, the management of RDI is ultimately responsible for the accuracy of Form 8-K disclosures.

- c. **The Unsolicited Cash Offer:** Plaintiff alleges that the RDI Board rejected an unsolicited third-party offer to buy all of the outstanding stock of RDI without sufficiently considering the offer. See SAC, paragraphs 154-162. At the time of this Expert Report, there has been no discovery on these recently-added allegations. For the purposes of making a preliminary opinion only, I have accepted the facts as alleged in SAC paragraphs 154-162 to be true. In reality, these "facts" may not be true. I will update and supplement my opinion once I have reviewed any documents and/or testimony relating to this issue. In sum, Plaintiff alleges that the proposed cash offer was for a price 33% in excess of market price. Plaintiff alleges that neither a business plan nor materials relating to the

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<sup>39</sup> See generally Deposition of William Gould, including pp 438-445 and 455-459.

value of RDI were disclosed prior to a vote on the offer. Plaintiff alleges that instead, Ellen Cotter made an oral presentation concluding that RDI was worth a price dramatically in excess of the offer and recommended that RDI pursue its long-term business plan, and that all directors other than Plaintiff, agreed that the offer price was inadequate. Plaintiff alleges that he abstained. Even accepting these facts as true, WDG acted appropriately in rejecting the offer after what appears to be reasonable discussion and preliminary assessment. It is not uncommon for a Board to just say 'no,' pending further overtures or other developments. Based on the limited allegations in the SAC, WDG actions in voting 'no' on the offer was consistent with his obligations as an Independent Director. I will supplement my opinion after any discovery on this matter takes place.

- d. **The Excessive Compensation Matter:** Plaintiff alleges the RDI Board accepted the recommendations of sub-committees and approved compensation for Ellen Cotter, Margaret Cotter, and Guy Adams that Plaintiff deems excessive. In particular, Plaintiff alleges that Ellen Cotter's executive compensation package was excessive, because if all bonuses are paid to her, she will be paid over three times what Plaintiff was paid as President and CEO. The Compensation Committee was provided with detailed schedules and proposed individual goals and benchmarks for executive

compensation and unanimously approved the executive compensation recommendations.<sup>40</sup> At the full RDI Board Meeting, WDG asked if there were any further questions about Ellen Cotter's proposed compensation, and there were none, including by Plaintiff.<sup>41</sup> No one voted against Ellen Cotter's proposed compensation, including Plaintiff.<sup>42</sup> WDG acted reasonably and consistent with his obligations as an Independent Director in relying on the recommendation of the Compensation Committee, especially in light of the fact that there were no questions or specific objections about the compensation at the time.

Plaintiff also alleges that that Margaret Cotter's additional consulting fee compensation of \$200,000 was inappropriate. The Compensation Committee and the Audit and Conflicts Committee each approved additional compensation of \$200,000 to Margaret Cotter.<sup>43</sup> With two committees of Board coming to agreement on and approving this payment, it was reasonable and consistent with his obligations to approve this payment. The stated rationales for the payment - to take into account work outside of her existing consulting agreement and in consideration for certain releases and

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<sup>40</sup> RDI0054790 54807.

<sup>41</sup> RDI0054790 54807.

<sup>42</sup> RDI0054790 54807.

<sup>43</sup> RDI0054871 54875 ;RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.

waivers granted by her company, are a rational basis for WDG to approve the payment.<sup>44</sup>

Plaintiff also alleges that additional special compensation of \$50,000 to Guy Adams was a gift. At the RDI Board Meeting, Ellen Cotter summarized the extraordinary services and time devoted by Mr. Adams above and beyond what she considered the usual role of a director in the past year, which included assisting Ellen Cotter during her transition to interim CEO and permanent CEO, advising on investor relations, traveling to New York to assist in the evaluation of the Union Square Project, assisting with other potential transactions, and significant time spent on the Compensation Committee and the Executive Committee.<sup>45</sup> Based on my experience with executive and director compensation, it was reasonable and consistent with WDG's obligations as an Independent Director to take into account time that Guy Adams had spent above and beyond what was ordinarily expected of directors, and approved a one-time additional payment to reflect that time commitment. Moreover, it is consistent with the general practice of the RDI Board, which previously approved one-time payments for

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<sup>44</sup> RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.

<sup>45</sup> RDI0054790 54807.



significant time spent on RDI business above and beyond what was typically expected of RDI directors.<sup>46</sup>

In sum, one-time payments are not common, but they are also not unusual. They are appropriate, if on the recommendation of the CEO and the Compensation Committee, some member of management has produced exceptional value for the company in the judgment of the CEO, who can make a recommendation at his or her discretion. If some member of the Board has also gone beyond what might be ordinarily expected, it is not uncommon for the Chair to ask for additional compensation for that particular director. In these two instances, the compensation amounts are within a reasonable range. WDG agreed and approved and that approval was rational, appropriate, and consistent with his obligations as an Independent Director.

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<sup>46</sup> Deposition of Kane at pp. 487-498 RDI 2015 Proxy Statement.

## **VI. CONCLUSION**

Given my assignment, I have reviewed the responsibilities and role of WDG at RDI.

I have examined his conduct with respect to the CEO search, the search and selection of director candidates, the filing of 8-Ks, the approval of Board Minutes, the approval of compensation to Margaret Cotter, Ellen Cotter, and Guy Adams, and the alleged unsolicited third-party offer. After review and assessment, on balance, I find no evidence that WDG did not conduct himself as would be expected of an Independent Director. To the contrary, with respect to all of the above events, his actions were reasonable and consistent with appropriate governance principles and practices for an Independent Director in a Controlled Company. WDG's actions during the relevant time period were accomplished in a responsible manner, in full satisfaction of his obligations as an Independent Director. I therefore conclude that, as far as WDG is concerned, the allegations of the Second Amended Complaint are without merit.

Executed on August 25, 2016



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ALFRED E. OSBORNE, JR.

# Exhibit 1

**ALFRED ELDERFIELD OSBORNE, JR., Ph. D.**

UCLA Anderson School of Management

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**PRESENT POSITIONS**

July 2003 – Present

Senior Associate Dean. UCLA Anderson School of Management. Responsible for overseeing the external affairs of the School, including resource development, alumni relations, corporate initiatives, and executive education.

July 2003 – Present

Faculty Director. The Harold and Pauline Price Center for Entrepreneurship & Innovation.

July 2008 – Present

Professor of Global Economics, Management and Entrepreneurship. Instructor in microeconomics, entrepreneurship, new venture initiation, social entrepreneurship, family business, governance, technology commercialization, and business plan development.

January 1991 - Present

Director. The UCLA Head Start - Johnson and Johnson Management Fellows Program.

December 1979 - Present

Chairman, President and Chief Executive Officer, A.E. Osborne Associates, Inc.

Consultant and advisor to several private and public organizations on business strategy, organization economics and financial matters. Corporate Director and Expert Witness.

**PERSONAL**

Born in the Republic of Panama; Fluent in Spanish; Married to Nancy Ann Rahnasto (former senior Disney consumer products executive); One child, Alexander, age 29.

## **PREVIOUS POSITIONS**

July 1987 – June 2003

Director. The Harold Price Center for Entrepreneurial Studies. Responsible for developing curriculum, teaching, research, student activities, external funding and business and community support for the largest and most successful interdisciplinary program in the Anderson Graduate School of Management at UCLA.

July 1978 – June 2008

Associate Professor of Global Economics and Management. Taught courses in managerial economics, microeconomics, macroeconomics, public finance, economic development, management field studies and, most recently, entrepreneurship, new venture initiation, doing deals, and business plan development.

July 1988 - June 1990

Chairman of the Business Economics Faculty at UCLA Anderson.

January 1984 - June 1987

Associate Dean for Program Development in the Graduate School of Management at UCLA. Responsible for initiating, planning, developing and funding new programs designed to capitalize and extend faculty and student teaching and research interests. Established three research centers.

September 1979 - December 1983

Faculty Director of UCLA MBA Programs. Responsible for curriculum, policy and administration of the Full-time and Part-time MBA Programs serving in excess of 1000 students. Also Chairman of the MBA Policy Committee.

September 1979 - December 1983

Assistant Dean (then Associate Dean and Director of the MBA Program. Besides duties as MBA Program Director, responsible for student affairs including recruitment, admissions, orientation, academic counseling, tutorials, internships, field studies, and placement for all MBA students. Supervised a staff of ten professionals.

August 1977 - July 1979

Brookings Institution Economic Policy Fellow at the Securities Exchange Commission and Director of Phase I of the ETIP-SEC Project; "Towards a Monitoring System for Effective Regulation of Venture Capital Markets." Designated by the Commission as a hearing officer for the SEC's Small Business II Hearings (1977). Appointed by the Chairman to the Interagency Task Force of the President's Domestic Policy Review of Industrial Innovation (1978).

July 1972 - June 1978. Tenured at UCLA in July 1978.

Assistant Professor of Management at UCLA.

January 1968 - September 1968

Electrical Engineer, Western Development Laboratories, Palo Alto.

## HONORS AND AWARDS

Distinguished Alumni, Stanford University, Distinguished Alumni Scholars Event, May 2010.

Recognized by Directorship as one of the top 100 influential corporate directors in America, November 2009.

Education Award Recipient, Mission Language and Vocational Schools 41<sup>st</sup> Anniversary and Award Dinner, October 2009

President's Award Recipient for contributions to the growth and development of the African American economic base, Greater Los Angeles African American Chamber of Commerce 16<sup>th</sup> Annual Economics Award Dinner, March 2009.

Inducted into the Minority Business Hall of Fame as a pioneer in minority business development and success and contributions to entrepreneurship and business development as a faculty member and leader at UCLA Anderson School of Management. May 2008.

Annual Leadership Award Recipient, for vision, leadership and distinguished contributions to small and minority-owned businesses, Southern California Minority Business Development Council, Inc., October 2007.

Recognized by *Minority Business News USA* in the 1<sup>st</sup> Annual Issue as one of 100 Men Impacting Supplier Diversity, October-November 2006.

J. Clayton La Force Distinguished Service and Leadership Award, selected by the UCLA Anderson faculty for exceptional leadership outside the classroom and for inspiring the UCLA Anderson community and elevating programs to the highest levels of excellence. June 2004.

3<sup>rd</sup> Annual BridgeGate 20 Award for Service to the High-Technology Community, 2001.

Ernst and Young Entrepreneur of the Year Award, 2000.

The Richard J. Riordan Spirit of Entrepreneurship Award, 2000.

National Head Start Association Award, April 1998.

Northern Trust of California Hispanic Excellence Award, 1992

Securities Exchange Commission (SEC) Fellow, 1978-79.

Brookings Institution Economic Policy Fellow, 1977-1979.

## EDUCATION AND DEGREES

Ph.D. - Stanford University - Business-Economics, 1974.

M.B.A. - Stanford University - Finance, 1971.

M.A. - Stanford University - Economics, 1971.

B.S. - Stanford University -Electrical Engineering, 1968.

## SPECIAL APPOINTMENTS

Chairman, Telecommunications Supplier Diversity Task Force, SBC Communications, January 2002 to June 2003.

Governor, Investor Company Institute, September 2001 to present (on sabbatical August 2004-September 2005) and Member, Independent Directors Council, May 2004 to December 2010.

Member, Joint Committee of the California Legislature to Develop a Master Plan for Education – Kindergarten through University: School Readiness Working Group, March 2001 to January 2002.

Member, Selection Panel, the Paul & Daisy Soros Fellowships For New Americans, 1998 to 2001.

Member, Committee to Select the Outstanding Corporate Directors *Director's Alert Magazine*, August 1999.

Public Director, the Los Angeles Community Development Bank, December 1995 to January 2000.

Member, Governor Pete Wilson's Council of Economic Advisors for California, February 1993 to December 1998.

Governor-at-Large, National Association of Securities Dealers, Inc., January 1994 to March 1996.

Member, Board of Directors, NASD Regulation, April 1996 to January 1997.

Member, National Nominating Committee, NASD, Inc., January 1997 to 2000;  
Chair 2001, 2002, 2003.

Member, Secretary Shalala's Advisory Committee on Head Start Quality and Expansion, August 1993 - July 1994.

Commissioner, Redevelopment Agency for the City of Los Angeles, April 1995 to February 1996.

Member, Board of Directors, Los Angeles Local Development Corporation - June 1991 to June 1993.

Member, Municipal Finance Advisory Committee of the City of Los Angeles - January 1980 to December 2002, Chairman since January 1985. Also, Municipal Finance Fund Administrator for the City of Los Angeles during that time period.

Member, Board of Directors, Founders Savings and Loan Association, September 1986 to May 1989. Special appointment from the Federal Home Loan Bank Board to this troubled financial institution in the Management Consignment Program. Elected Chairman, April 1987 and served until FDIC receiver appointed, April 1989.

Member, Citizens Independent Review Committee for the United Way. Chairman of the Subcommittee to Review the Credit Union Matter. July to September 1986.

Member, Discretionary Fund Distribution Committee for United Way, 1986-1987, 1987-1988.

Member, Research and Education Advisory Panel to the Comptroller General of the United States. 1987-1999.

Chairman, Consumer Advisory Council VIII: The Minority Business Task Force. Pacific Bell. December 1984 - September 1985.

Member, Board of Economists, Black Enterprise Magazine, February 1982 - December 1985.

#### **CURRENT CORPORATE BOARD MEMBERSHIPS**

Member, Board of Directors, Nuverra Environmental Solutions, Inc. (previously Heckmann Corp.) – November 2007 to present. Chairman of the Audit Committee. Lead Independent Director.

Member, Board of Directors, Kaiser Aluminum, Inc. – July 2006 to present; Chairman of the Governance and Nominating Committee; Member, Audit Committee; Lead Independent Director.

Member, Board of Directors, Wedbush Inc. (formerly E\*Capital Corporation) – January 1998 to present; Chairman of the Compensation Committee; Chairman, Audit Committee.

Member, Board of Directors, FPA's New Income, Capital, Crescent Funds - December 1999 to present; International Value Fund, August 2011 to present; Member, Board of Directors, FPA's Paramount, U.S. Value Funds, and Source Capital, Inc. August 2013 to present. Member, Audit Committee; Chairman, Nominations and Governance Committee for all Funds.

#### **CURRENT NOT-FOR-PROFIT BOARD MEMBERSHIPS**

Director, Los Angeles Police Memorial Foundation – March 1999 to present.

Trustee, The Louis and Harold Price Foundation – January 2010 to present

Trustee, Harvard-Westlake School – August 2002 to present.

Trustee, Fidelity Charitable - November 2007 to present. Elected Chairman in February 2016.



## **PREVIOUS BOARD MEMBERSHIPS**

Director, Los Angeles Universal Preschool (LAUP), August 2004 to March 2005 and from July, 2005 to March 2016.

Director, AFH Acquisition VII, Inc. - February 2013 to January 2014.

Director, Emmaus Medical, Inc. – June 2011 to September 2012.

Director, EMAK Worldwide, Inc. – December 2000 to June 2008.

Director, K2, Inc. – February 1999 to August 2007.

Trustee, WM Group of Funds – March 1997 to February 2007.

Director, Nordstrom Inc. – August 1987 to May 2006.

Member, Stanford Athletic Board – September 2001 to June 2005, July 2007 to June 2010.

Director, Certus Corporation – October 1998 to March 2005.

Director, Vista del Mar Children and Family Services – June 1999 to March 2005.

Director, Price Institute for Entrepreneurial Studies – May 1999 to June 2004.

Independent General Partner, Technology Funding Venture Partners V May 1990 to March 2002.

Director, The Times Mirror Company – March 1980 to June 2000.

Director, Greyhound Lines, Inc. – May 1994 to March 1999.

Director, United States Filter Corporation – April 1991 to April 1999.

Trustee, Sierra Trust Funds – June 1992 to December 1993; May 1996 to March 1997.

Director, SEDA Specialty Packaging Corporation – October 1993 to June 1997.

Director, First Interstate Bank of California – July 1993 to April 1996.

Director, Industrial Bank – October 1983 to July 1993.

Director, Birtcher Medical Systems – June 1992 to March 1994.

Director, The Cherokee Group Inc. – June 1991 to June 1993.

Director, Family Savings Bank – February 1990 to June 1994.

Director, Readicare, Inc. – February 1986 to January 1997.

Director, Opportunity Funding Corporation -- July 1987 to December 1993.

Director, Los Angeles Community Development Bank -- September 1995 to January 2000.

## **PUBLICATIONS**

Formerly, member of several Editorial Boards, including Entrepreneurship and Regional Development; Family Business Review; The Future of Children; and the Journal of Business Venturing. Currently, editorial board member of the Journal of International Entrepreneurship Education.

### **Books and Monographs**

Emerging Issues in Black Economic Development (With Benjamin F. Bobo) Lexington: DC Heath and Company, 1976.

"Business Development Organizations: A Critique of Their Performance and Prospects" (with Thaddeus H. Spratlen), Chapter 5.

Small and Minority Business in California: Performance and Prospects (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 28, February 1977.

California Commercial Bank, Savings and Loan Associations and Their Holding Companies: Analysis and Public Policy Issues (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 33, August 1977.

Returns to Shareholders in Acquiring and Acquired Companies: The Case of Technology-based Firm Acquisitions in the Over the Counter Market SEC Capital Market Working Paper No. 3. Washington, DC: Securities and Exchange Commission, October 1980.

### **Chapters in Books**

"Financing Small and High-Risk Enterprises," Cities and Firms. Herrington Bryce (ed.), Lexington: DC Heath and Company, 1980.

"Enhancing the Productivity of Small Business," in Productivity: A National Priority. James Wilburn (ed.), Malibu: Pepperdine University Press, 1982.

"Take-off Potential and the Distribution of Black Enterprise," in Take-Off Companies and the Entrepreneurial Spirit. Robert Kuhn and Ray Smilor (eds.), New York: Praeger Publishers, 1986.

"Predicting the Returns to New Offerings of Securities under SEC Form S-18," Frontiers in Entrepreneurship Research. William Bygrave and Neil Churchill (eds), December, 1987.

## Reports

The Structural and Performance Characteristics of the Minority Manufacturing Industries Los Angeles: The Joint Center for Community Studies, September, 1978.

A Preliminary Analysis of the Impact of Rule 144 Sales in the OTC Market. Washington, DC: Securities and Exchange Commission, December, 1979.

Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness, SBC Telecommunications Supplier Diversity Task Force Report, June 2003.

## Articles

"Behavioral Effects of Price Changes in a Token Economy," (with T.D. Hayden, R.G. Hall and S.M. Hall), Journal of Abnormal Psychology, Vol. 83, August, 1974.

"Forecasting the Market Return on Common Stocks," (with John G. McDonald), Journal of Business Finance and Accounting, Vol. 1, Summer 1974.

"The Entrepreneurship Decision and Black Economic Development," (with William Bradford), American Economic Review, Vol. 66, May 1976.

"The Potential of Black Capitalism in Perspective," (with Michael Granfield), Public Policy, Vol. 24, Fall 1976.

"A Note on Black Economic Well-Being in the North and West," Review of Black Political Economy, Vol. 7, Fall 1976.

"The Comparative Operating Efficiency of Black Savings and Loan Associations," (with William Bradford and Lewis Spellman), Journal of Finance, Vol. 32, May, 1977.

"On the Economic Cost to Panama of Negotiating a Peaceful Solution to the Panama Canal Question," Journal of InterAmerican Studies and World Affairs, Vol. 19, November, 1977.

"The Efficiency and Profitability of Minority Controlled Savings and Loan Associations," (with Lewis Spellman and William Bradford), Journal of Money, Credit and Banking, Vol. 10, February, 1978.

"The Perverse Effects of SBA Loans to Minority Wholesalers," Urban Affairs Quarterly, (with Timothy Bates), Vol. 15, September, 1979.

"A Note on the Opportunity Cost of Going into Business for One's Self," Journal of Minority Business Finance, Vol. 1, August, 1979.

"Rule 144 Volume Limitations and the Sale of Restricted Stock in the Over the Counter Market," Journal of Finance, Vol. 37, May, 1982.

"Taking Snapshots of the Internet; New Database of Insider Transactions and Liquidity," Journal of Financial Transformation (with Duke Bristow and Steven Beneveniste), September, 2004.

### **Shorter Articles in Periodicals**

"Inflation: What It Is and What It Is To You," Black Enterprise, Vol. 9, October, 1978.

"The Right Way to Cut Taxes," Inc., Vol. 3, November, 1981.

"The Day of the Small Entrepreneur," Black Enterprise, Vol. 13, October, 1982.

"Developing Black-Owned Companies for Public Ownership," Black Enterprise, Vol. 15, November, 1984.

"Understanding Entrepreneurship," Business Forum, Vol. 12, Fall, 1987.

"Communicating Commitment to Supplier Diversity," Minority Business Entrepreneur, Volume 21, June, 2004, (Report of the Telecommunications Diversity Task Force)

### **OTHER COMPLETED BUT UNPUBLISHED MANUSCRIPTS**

"The Legal and Illegal Allocation of Black Managerial and Financial Capital." (with Michael Granfield) March, 1986.

"Securities Regulation and Small Business Finance." March, 1986

"On the Definition of a Small Issuer for Purposes of Securities Regulation." September, 1986.

"The Announcement Effect of Proposed Rule 144 Sales in the OTC Market," December, 1985, revised December, 1987.

"Financing Strategies for the Closely-Held Firm," September 1991.

"Constraints on Entrepreneurs and the Economy: Rule 144 Twenty Year Later," (with Duke Bristow), May, 2004.

"Strategic Planning," June, 1990, revised December 2006.

"Rate of Return on Investment Analysis: A Brief Note" August 2013.

### **A SAMPLE OF PRESENTATIONS OVER 25 YEARS**

"Renewing Human Resources in Large-Scale Bureaucracies," presented to the Fourth International Conference on Creative and Innovative Management. Los Angeles, CA, August 1990.

"Managing Succession in the Family Enterprises," presented to the V Congreso Latinoamericano del Emprendedor. Santiago, Chile, April 1991.

"A Vision for Funding Entrepreneurial Initiatives," presented to the Kauffman Foundation's Entrepreneurial Leadership Program. Boca Raton, FL, January 1992.

"The Role of the Board in the Modern Corporation," presented to the Executive Series at Town Hall. Los Angeles, CA, January 1992.

"Funding Entrepreneurship Centers," presented at the Association of Collegiate Entrepreneurs' IX Annual International Convention & Tradeshow. Dallas, Texas, February 1992.

"The Evolving Role of the Board of Directors in the Modern Corporation," presented to the 25th Securities Regulation Seminar, Los Angeles County Bar Association. Los Angeles, CA, October 1992.

"The Organization, Composition and Functioning of the Board," presented to the Orange County Public Company Forum: The Corporate Director: Who Governs Our Corporations? Irvine, CA, February 1994.

"Corporate Governance in Trouble," presented to the Chase Manhattan Bank UCLA Committee of 200 Conference: A View from the Top. New York, NY, March 1994.

"Towards an Applied Research Agenda in Entrepreneurship," presented to the Kauffman Foundation. Kansas City, MO, September 1994.

"Developing an Entrepreneurial Competence - Training Leaders for the 21<sup>st</sup> Century," presented to the Long Beach Rotary Club. Long Beach, CA, January 1995.

"The Entrepreneurial Spirit: How to Nurture It and Sustain It," presented to the University of California at Los Angeles Executive MBA Program. Los Angeles, CA, January 1995.

"Developing an Entrepreneurial Competence," presented to the Northern California Supplier Development Council Conference. San Francisco, CA, September 1995.

"Entrepreneurship: Uncovering Your Entrepreneurial Niche," presented to the National Society of Hispanic MBAs, Sixth Annual National Conference and Career Exposition. Los Angeles, CA, October 1995.

"Financing the Growing Company," presented to the Dow Jones/Wall Street Journal Black Entrepreneurship in America Conference. Baltimore, MD, October 1995.

"Strategic Thinking: The Imperative to Effective Planning and Organization," presented to the Riverside County Office of Education Head Start Directors Retreat. Riverside, CA, October 1995.

"Black Professors in Business Education" presented to the Whitney M. Young, Jr. 22<sup>nd</sup> annual Memorial Conference at the University of Pennsylvania. Philadelphia, PA, January 1996.

"Building an Entrepreneurial Competence in the Delivery of Social Services: The Case of Head Start Agencies," presented to the Human Resources Committee at the National Conference of State Legislatures. St. Louis, MO, July 1996.

"Strategy and Finance for the Growing Enterprise," Five 5-hour lectures presented to faculty, students, and alumni at the University of the Republic of Montevideo. Uruguay, August 1996.

"Breaking New Ground: Initiatives in Management Education, 1980-1995, Essays in Honor of John H. McArthur," invited seminar, Harvard Business School. Boston, MA, October 1996.

"Towards Building a Capacity to Sustain Community," presented to Merrill Lynch. Los Angeles, CA, May 1997.

"Building an Entrepreneurial Competence in Larger Decentralized Enterprises," presented to Travelodge Strategic Planning Retreat. San Diego, CA, December 1998.

"Entrepreneurship, The New Economics and Wealth Creation in the Next Millennium," presented to Progress Investment Management Company's 6<sup>th</sup> Annual Plan Sponsor Manager Seminar. Florida, October 1999.

"Competing in the 21<sup>st</sup> Century: Developing an Entrepreneurial Competence," presented to the Los Angeles Venture Association, Los Angeles. Los Angeles, CA, January 2000.

"Entrepreneurial Competence, Competition, and Supplier Diversity in the Turbulent, New Digital Economy," presented to SBC Supplier Diversity 2<sup>nd</sup> Annual Achievement Awards. San Antonio, TX, March 2000.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, April 2000.

"Entrepreneurial Studies and Competition in the New Millennium," keynote speech presented to the Minority Business Opportunity Trade Fair. San Francisco, CA, November 2000.

"Financing the New Economy: Is There a Credit Crunch?" presented to the 49<sup>th</sup> Annual UCLA Business Forecast. Los Angeles, CA, December 2000.

"The Economic Environment and the Stock Market," presented to the Financial Executives Institute. Los Angeles, CA, March 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, March 2001.

"Strategic Thinking and the New Economy," presented at the Bringing the Classroom into the Real World Conference, The Schulich School of Business, York University. Toronto, Canada, May 2001.

"Fundamental Issues in Strategic Management," presented to the California Child Development Administrators Association. Los Angeles, CA, June 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, June 2001.

"The Outlook for Investment and Enterprise in the New Economic Environment," presented to the 8<sup>th</sup> Annual Progress Investment Management Seminar. Scottsdale, AZ, November 2001.

"The Outlook for Investment and Entrepreneurship in the Southern California Economy," presented to the Mission Ventures Annual Meeting. Dana Point, CA, January 2002.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” presented to the National Association of Minorities in Communications seminar. Los Angeles, CA, February 2002.

“Issues of Corporate Governance: An Overview,” presented to the Rustic Canyon Annual Conference. Ojai, CA, March 2002.

“Governance in the Head Start Agency,” presented to the Foundation Head Start Board of Directors. El Monte, CA, April 2002.

“Corporate Governance, the Board of Directors, and the External Auditor,” presented to the Anderson Alumni Bay Area Chapter. San Francisco, CA, April 2002.

“Health Care Initiatives,” presented to Johnson and Johnson Board of Directors. New Brunswick, NJ, September 2002.

“Governance and the Not-for-Profit Board of Directors,” presented to the Screen Actor’s Guild Board of Directors. Universal City, CA, October 2002.

“Corporate Misdeeds – tips on covering the Enron/Worldcom scandal,” presented at a National Association of Hispanic Journalists workshop. Los Angeles, CA, October 2002.

“The New Reality of Business Accountability,” presented to Anderson Graduate School of Management Alumni. Los Angeles, CA, November 2002.

“The Head Start Program: Challenges and Opportunities circa 2003,” presented at the California Head Start Association Annual Conference and Leadership Day. Sacramento, CA, January 2003.

“Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness,” presented at Quality Excellence for Suppliers of Telecommunications (QUEST Forum) Best Practices Conference, September 2003.

“Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness,” presented to National Minority Supplier Development Council, Inc. Annual Conference. Chicago, IL, October 2003.

“Leading Strategic Growth Through Acquisitions,” presented to Young Presidents Organization (YPO). Los Angeles, CA, November 2003.

“Entrepreneurial Leadership and Organization Change,” presented to Bruin Professionals. Los Angeles, CA, January 2004.

“Corporate Governance Revisited: What Do We Know and What Do We Teach Future Business Leaders?” Panel Member, sponsored by The Aspen Institute Business and Society Program with support from the Alfred P. Sloan Foundation. New York, NY, January 2004.

“Entrepreneurial Leadership and Organization Change,” presented to City Club on Bunker Hill. Los Angeles, CA, April 2004.

“Change, Strategy and the Challenge of Profitable Growth,” presented to Shareholders Meeting for Lowe Enterprises, Inc. Phoenix, AZ, May 2004.

“Launching New Business Ventures,” Keynote presented to IIT Bombay Faculty Academic Network Meeting. Palo Alto, CA, May 2004.

“Change, Strategy and the Challenge of Profitable Growth,” Keynote presented to the Executive Team at Destination Hotels & Resorts Group. Englewood, CO, August 2004.

“Corporate Governance,” presentation to the Board of Directors of Wilmington Trust Company (with William Cockrum). Century City, CA, September 2004.

“The Fundamentals of Opportunity Recognition,” presented to NAWBO University. Los Angeles, CA, September 2004.

“Leadership Development for Women and People of Color,” presented at Northrop Grumman -- EEO/Diversity Conference. Redondo Beach, CA, October 2004.

“Change and the Challenge of Profitable Growth,” presentation to Cisco Systems, Inc, US Theatre Sales Finance Team. Bal Harbour, FL, October 2004.

“Entrepreneurial Strategy and Opportunity Recognition,” presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School, February 2005.

“Starting and Building an Entrepreneurial Company,” presented at the 2005 Entrepreneurs Conference sponsored by Harvard Business School Association of Orange County (HBSAOC). Irvine, CA, May 2005.

“Developing an Entrepreneurial Competence,” presented to the National Black MBA Association. Los Angeles, May 2005.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 9<sup>th</sup> Annual Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2005.

“Strategy: An Introduction and Overview,” presented to the Executive Salon Management Program, UCLA Anderson School of Management, June 2005.

“Building and Leveraging the Effective Board of Directors,” videoconference presentation to the New Director Selection Committee of Kaiser Aluminum, August 2005.

“Crafting Entrepreneurial Studies in a Flat Economy,” presented to the UCLA Anderson Alumni San Diego Chapter. San Diego, August 2005.

“Governance and the Not For Profit Board,” presented to the 2006 NAWBO LA Board Retreat. Mandalay Bay, August 2005.



"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 10<sup>th</sup> UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, October 2005.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition In Large Organizations," presented at the UCLA Campus Human Resource (CHR) 2005 Management Seminar Series. UCLA, October 2005.

"Strategy Implementation," presented at the California Head Start Association 8<sup>th</sup> Annual Education Conference. Sacramento, CA, January 2006.

"Strategy: An Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management, January 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School of Management, February 2006.

"Organizational Planning," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2006.

"Why Buy Funds? How Does Governance Matter?", Panel Moderator for Mutual Fund Directors Forum and UCLA Anderson Enhancing Effectiveness Program. UCLA Anderson School of Management, April 2006.

"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 11<sup>th</sup> UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, May 2006.

"Formulating Effective Business Strategies," presented at the Global Business Salon Awards. Barcelona, June 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC African American Leadership Institute, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/ UCLA Health Care Executive Program, UCLA Anderson School of Management, July 2006.

"Governance and the Not For Profit Board," presented to the 2006 NAWBO LA Board Retreat. Carlsbad, CA, August 2006.

"Change and Reinvention: Getting Ready for the New Realities and Developing an Entrepreneurial Competence," Keynote presented at the Bridge to Employment, 10<sup>th</sup> Annual Alliance Building & Training Session. Washington, DC, October 2006.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 12<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, October 2006.

“Strategy Planning and Implementation,” presented at the Connecting Communities Coalition Management Institute. Los Angeles, January 2007.

“Thinking Strategically in the Salon Management Business,” Keynote presented to The Salon Association (TSA) Symposium 2007. San Antonio, January 2007

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2007.

“Strategy: An Overview,” presented to the Executive Salon Management Program, UCLA Anderson School of Management. February, 2007.

“Corporate Governance and the Effective Board of Directors,” presented to the Board of Directors of PeopleSupport, Inc. Los Angeles, March 2007.

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2007.

“Recognizing Opportunities for Suppliers in the Cable Industry,” presented to the 8<sup>th</sup> Annual Supplier Diversity Connection Workshop. Las Vegas, May 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” presented at the African American Leadership Institute, UCLA Anderson School of Management. May 2007.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 13<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2007.

“Entrepreneurial Strategy and Opportunity Recognition: Reinventing Your Business for Profitable Growth,” presented at the Women’s Business Enterprise National Council (WBENC). Los Angeles, June 2007.

“Strategy Development, Formulation and Implementation,” presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2007.

“Strategy Development, Formulation and Implementation,” presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management. July-August 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” California Association for Microenterprise Opportunity (CAMEO). Los Angeles, September 2007.

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, September 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2008.

“Entrepreneurial Strategy and Opportunity Recognition,” a presentation to the Guang Hua School of Management, Peking University, March 2008

“Thinking Strategically and Profitable Growth,” a presentation to the Triton Pacific Capital Portfolio Company CEO’s, Ojai, California, May 2008.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 13<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2008.

“Strategic Planning and Implementation,” presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2008.

“Strategy Development, Formulation and Implementation,” presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2008, July 2009, July 2010, July 2011

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Accra, Ghana, August 2008, August 2009, September 2010

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, Kenya, September 2008, September 2009, Cape Cod, South Africa, August 2010.

“Social Entrepreneurship”, Goldman Sachs’ presentation, June 2010.

“The Essence of Strategic and Profitable Business Growth” presented at Paul Mitchell- 2010 Gathering Business Forum, Las Vegas, NV, July 2010.

“Strategic Thinking for Entrepreneurs” presented at Fudan University, China, July 2010.

“How Do We Ensure the Vitality of Our Local Business Economy in Los Angeles During the Current Economic Conditions?” Austin Beutner Event, Los Angeles, January 2011.

“Strategic Thinking, Creating Value and Financing for Entrepreneurs” visiting Fudan University, UCLA May 2011.

“Social Entrepreneurship” presented at the Michigan Primary Care Association, “Linked In or Locked Out: Building Connections That Matter” Conference, Michigan, August 2011

“Rebuilding the Middle Class” – State Legislative Forum, San Francisco, CA March 2012

“Strategic Thinking and Planning” presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

“Building on Strategy “presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

“Reflective Self-Assessment for Board Officers” presented at the Telamon Leadership Conference, Destin, Florida, March 2012

“Thinking Strategically About Sequestration” Webinar National Head Start Association -"Thursday, April 18, 2013

“Business Intelligence: The Strategy of Long-Term Success Maximizing Your Global Potential” presented at City National Bank - Insight One20 conference, Los Angeles, CA Convention Center, March 16, 2013

“Effective Corporate Governance”, presented to the Shanghai Municipal Government Industry Growth and Corporate Development Program, UCLA, January 2013

“Characteristics of an Effective Board” presented to CALAPRS, UCLA, January 2014

“Developing the Entrepreneurial Mindset” presented at Xed Growth and Leadership Conference, Jeddah, Saudi Arabia, March, 2014

“Corporate Governance Fundamentals and the Emerging Entrepreneur” presented to First Friday Lectures, OIP UCLA August 2014

“Entrepreneurship and Innovation” presented at the visiting Shanghai Municipal Government: Industry Growth and Corporate Development Strategy Program, UCLA, August 2014

## **PROFESSIONAL AFFILIATIONS**

At various times over the last 40 years, a member of Alpha Kappa Psi Honorary Business fraternity, the American Economic Association, the National Economic Association (Director 1976-1979; President, 1981), the American Finance Association, and the National Association of Corporate Directors.

## **REFERENCES**

Confidential references available when appropriate.

**AS OF March 2016.**

# Exhibit 2

**ALFRED ELDERFIELD OSBORNE, JR., Ph. D.**

Senior Associate Dean and Professor  
UCLA Anderson School of Management  
University of California Los Angeles  
110 Westwood Plaza, Suite F405  
Los Angeles, CA 90095-1481

Office Phone (310) 825-3309 Fax (310) 825-0822  
Home Phone (818) 789-3915, Mobile Phone (310)-854-9271  
Email [al.osborne@anderson.ucla.edu](mailto:al.osborne@anderson.ucla.edu)  
Email [aeosborne@yahoo.com](mailto:aeosborne@yahoo.com)

**EXPERT CONSULTING ASSIGNMENTS (Since 2011 as of July 2016)**

James J. Cotter, Jr., vs. Margaret Cotter, et al., and Reading International, Inc.  
Case No. A-15-719860-B coordinated with Case No. P-14-082942-E  
District Court of Nevada (Clark)  
Expert for the Defendant (June 2016- present)

Mark Kolokotronis and Knight and Bishop, LP v. Ninja Metrics, Inc., et al.  
Case No. BC 609689  
Superior Court of California (Los Angeles)  
Expert for the Plaintiff (June 2016- present)

Cyntron Payroll Solutions, LLC v. Mark Dancsecs  
Case No. 14K06659  
Superior Court of California (Los Angeles)  
Expert for the Plaintiff (April 2015 – December 2015)

Interserv Group Inc. and Paul Resnick v. Rosha Group Inc. and Udi Rosha  
Arbitration Hearing  
Consultant for the Plaintiff (April 15 – October 2015)

Dennis Wood and Joseph F. Helmer v. Sunwest Bank  
Case No. BC479843  
Superior Court of California (Los Angeles)  
Expert for Defendant (December 2014 – present)

Lehman Brothers Securities and ERISA Litigation  
Case No. 09-MD 2017 (LAK)  
United States District Court (Southern District of New York)  
Expert for Plaintiff (October 2013- May 2014)

Powertech Technology vs. Tessera, Inc.  
Case No. 11-cv-06121-CW  
United States District Court (Northern District of CA (Oakland))  
Expert for the Defendant (May 2013-February 2014)

American Airlines v. Sabre, Inc.  
Case No.067-249214-10  
Superior Court of Texas (Tarrant County)  
Expert for Defendant (September 2012-November 2012)

Maine State Retirement System et al. v. Countrywide Financial and David Sambol  
Case No.2:10-CV-00302 MRP(MAN)  
United States District Court (Central District of California)  
Expert for Defendant (August 2012- December 2012)

U.S. Bank National Association v. Verizon Communications, Inc. et al.  
Case No. 3:10-cv-01842-G  
United States District Court (Northern District of Texas, Dallas Division)  
Expert for Defendant (March, 2012 –September 2012)

HomeStore.com, Inc. Securities Litigation  
U.S. District Court (Central California)  
Case No. 01-CV-11115 MPJ (CWx)  
Expert for Plaintiff (September 2010-February 2011)

Fannie Mae Securities Litigation  
Case No. MDL 1688  
Civil Action No. 1:04-CVB-01639  
U.S. District Court (District of Columbia)  
Expert for Defendant (August 2010 – April 2011)

Thomas H. Lee Equity Fund V, LP et al vs Grant Thornton LL  
Case No.07602774  
Supreme Court of the State of New York  
Expert for the Defendant (March 2010 – September 2011)

Refco, Inc. Securities Litigation  
Case No. 07-MDL-1902  
U. S. District Court (Southern District of New York)  
Expert for Defendant (March 2010- September 2011)

# Exhibit 3



### **Exhibit 3**

#### List of Documents Relied On In Forming Opinions

James Cotter, Jr's Second Amended Complaint

Deposition transcripts of all depositions taken in this case to date (E. Cotter, M. Cotter, J. Cotter, Jr., W. Gould, T. Storey, G. Adams, D. McEachern, E. Kane, A. Shapiro, W. Tilson, J. Glaser, W. Ellis; R. Mayes [rough])

Deposition Exhibits 1 -417

RDI's 2014 Proxy Statement

RDI's 2015 Proxy Statement

RDI's 2016 Proxy Statement

RDI's 2016 10-K (Annual Report)

RDI's March 10, 2016 Form 8-K

RDI0054787-54789

RDI0054781-54786

RDI0054790-54807

RDI0054871-54875

DM2786

DM3252

DM3386

DM3585

DM3580

DM3787-9

DM4306

EK696

EK804

EK867

EK805-14

RDI24929

RDI54248

RDI40047

RDI's Bylaws

RDI's Articles of Incorporations

RDI's Code of Ethics

National Association of Corporate Directors. *A Practical Guide: Fundamentals for Corporate Directors*. 2003 ed. Washington, D.C.: National Association of Corporate Direct

American Bar Association. *Corporate Director's Guidebook*. 4<sup>th</sup> ed. Chicago: ABA Publishing, 2004

[http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp\\_1\\_1/chp\\_1\\_1\\_4/chp\\_1\\_1\\_4\\_3/chp\\_1\\_1\\_4\\_3\\_8/default.asp](http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp_1_1/chp_1_1_4/chp_1_1_4_3/chp_1_1_4_3_8/default.asp)

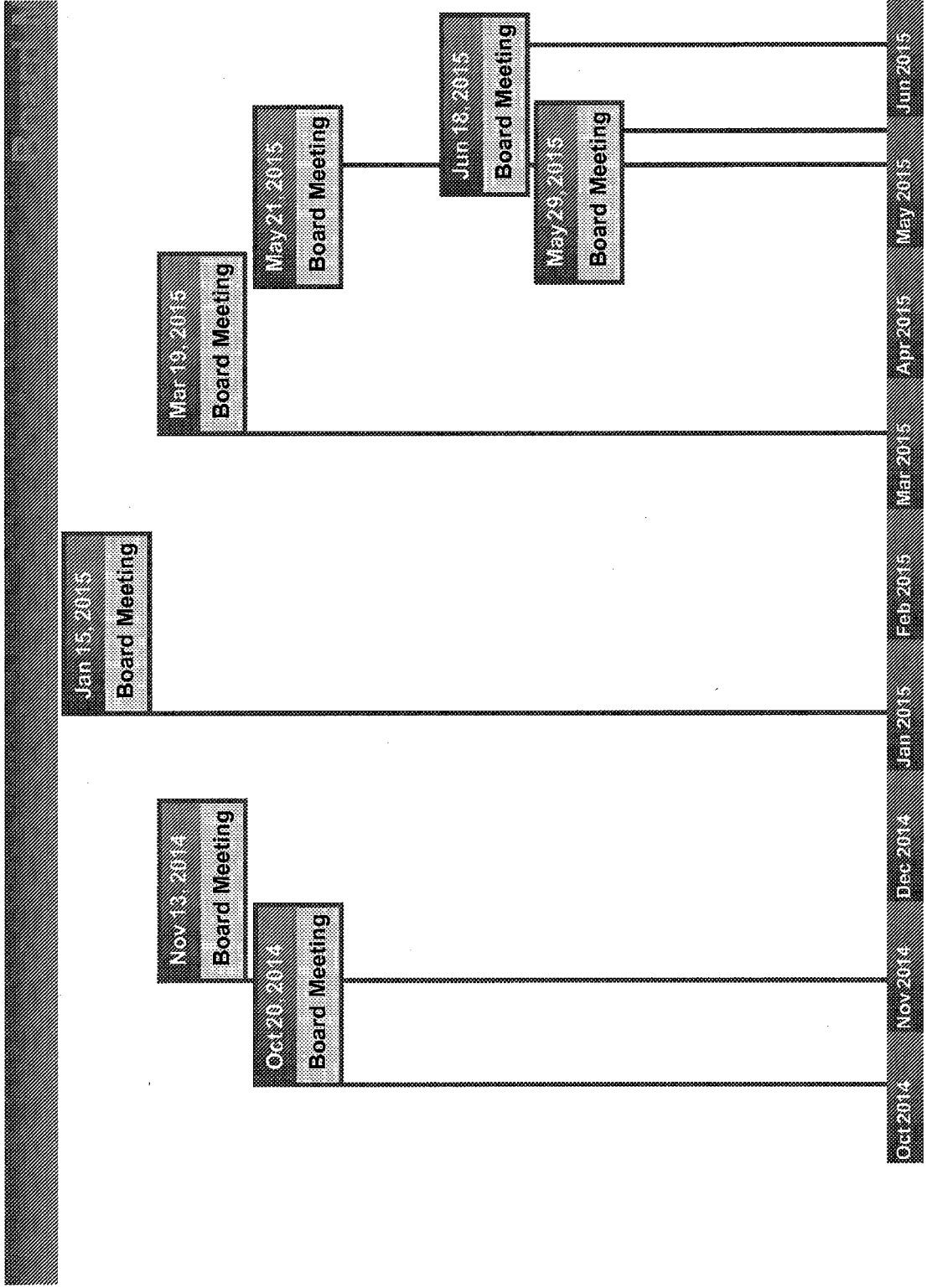
NASDAQ Rule 5605(a)(2)

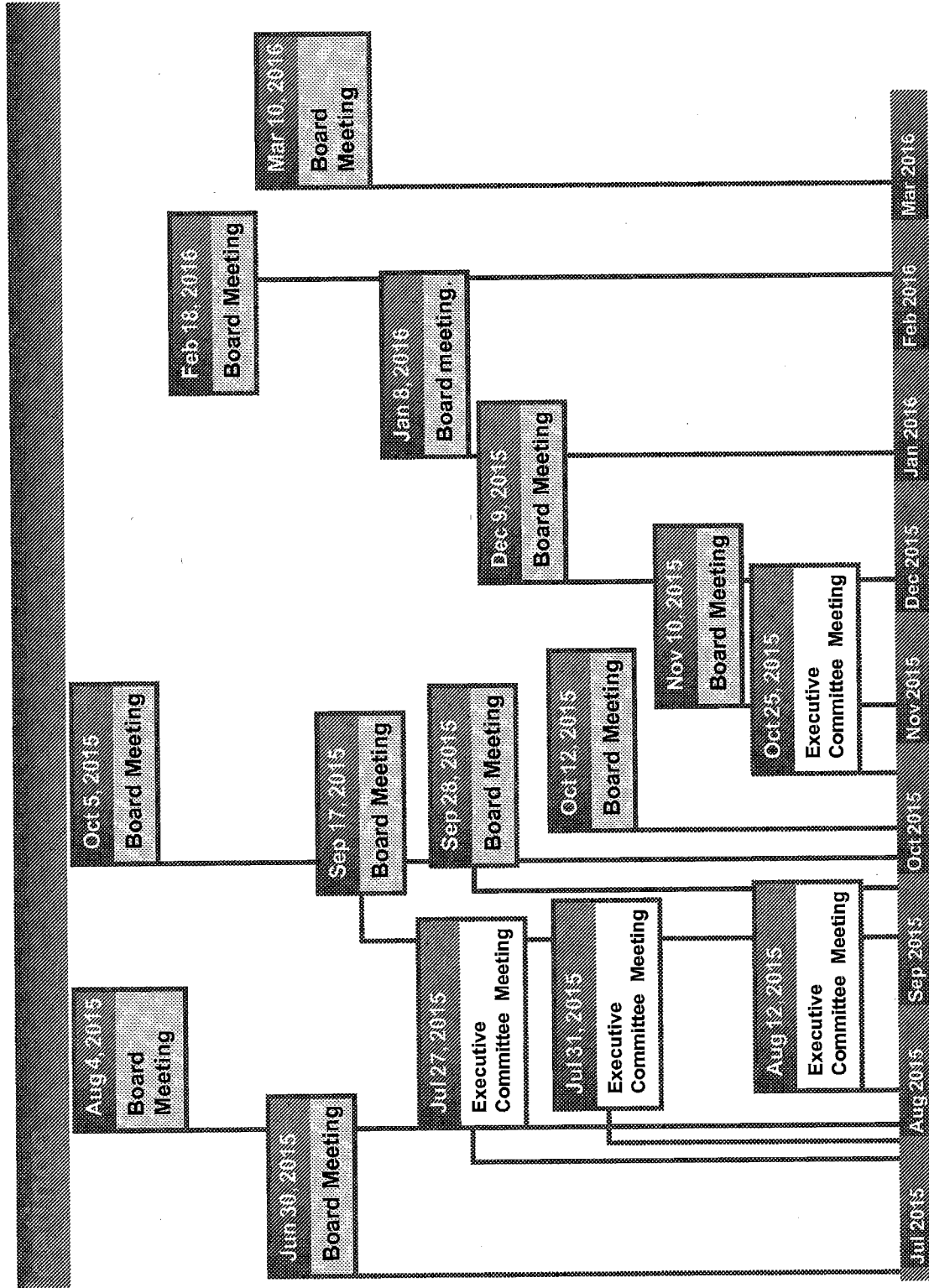
RDI Board Minutes dated: October 20, 2014, November 13, 2014, Jan 15, 2015, March 19, 2015, May 21, 2015, May 29, 2015, October 5, 2015, October 12, 2015, November 10, 2015, January 8, 2016, February 8, 2016, March 10, 2016

RDI Board Packages for the June 18, 2015 Board Meeting, August 4, 2015 Board Meeting; September 28, 2015 Board Meeting and the December 9, 2015 Board Meeting

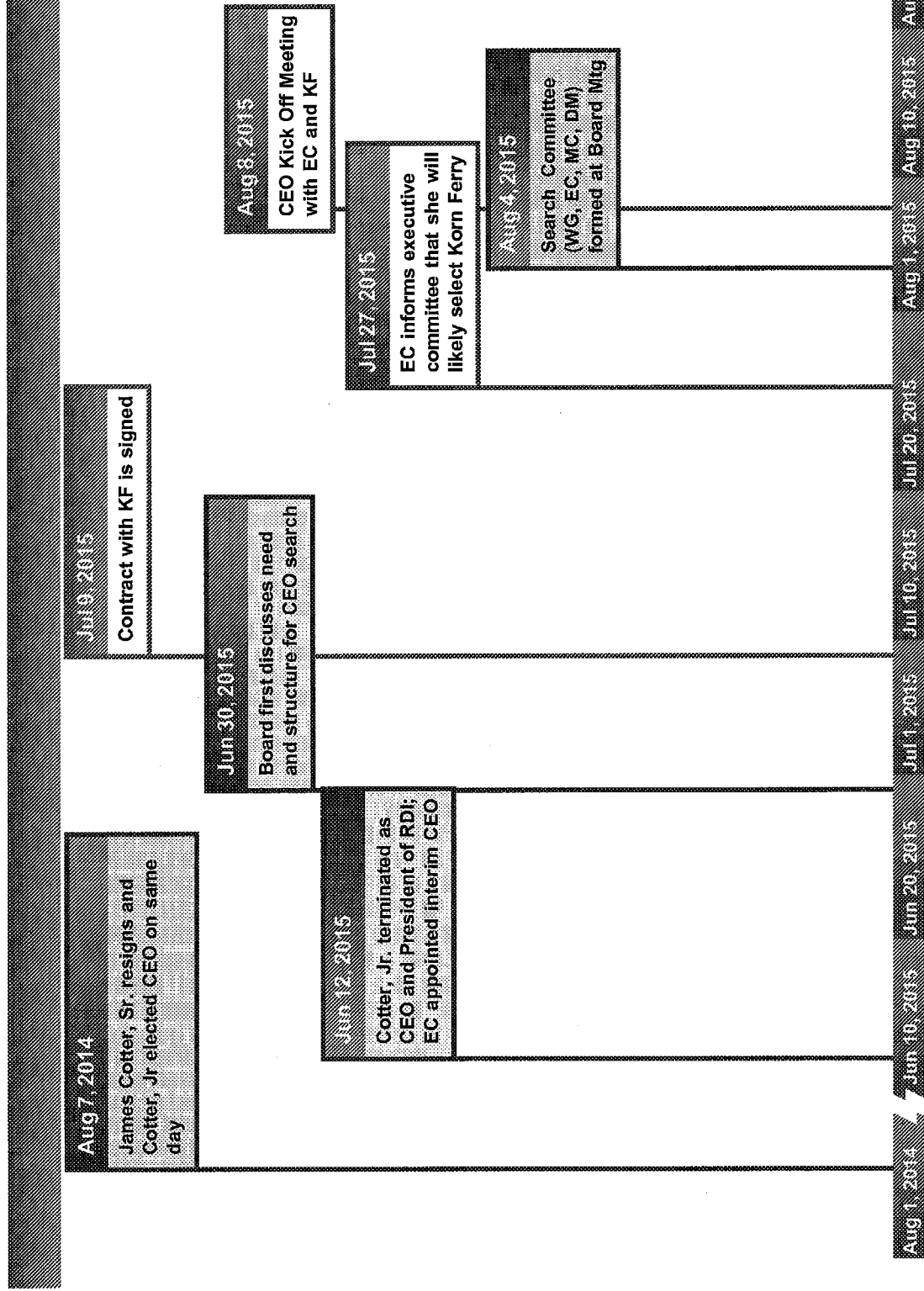
Agenda for the June 30, 2015 Telephonic Meeting

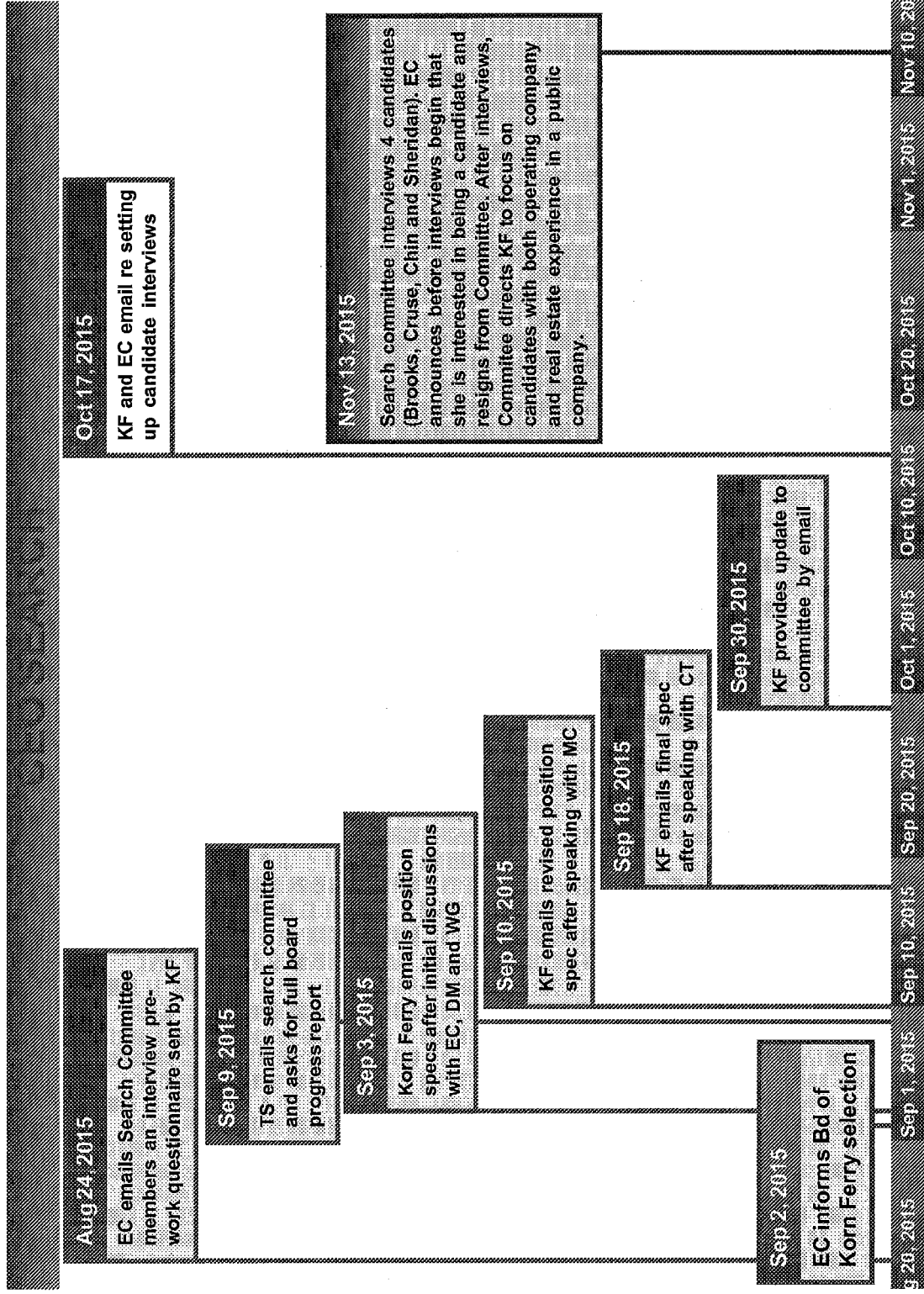
# Exhibit 4



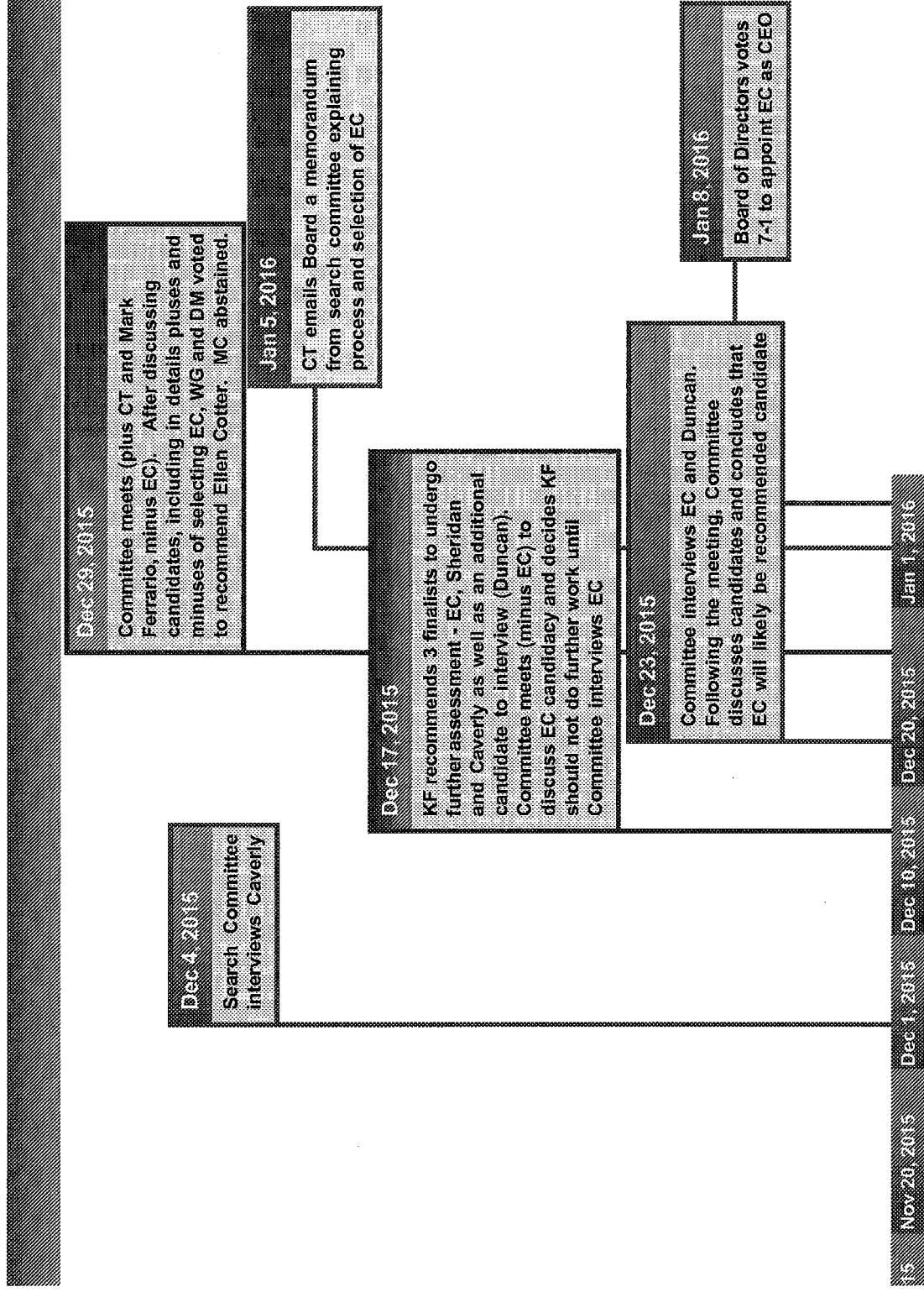


# Exhibit 5

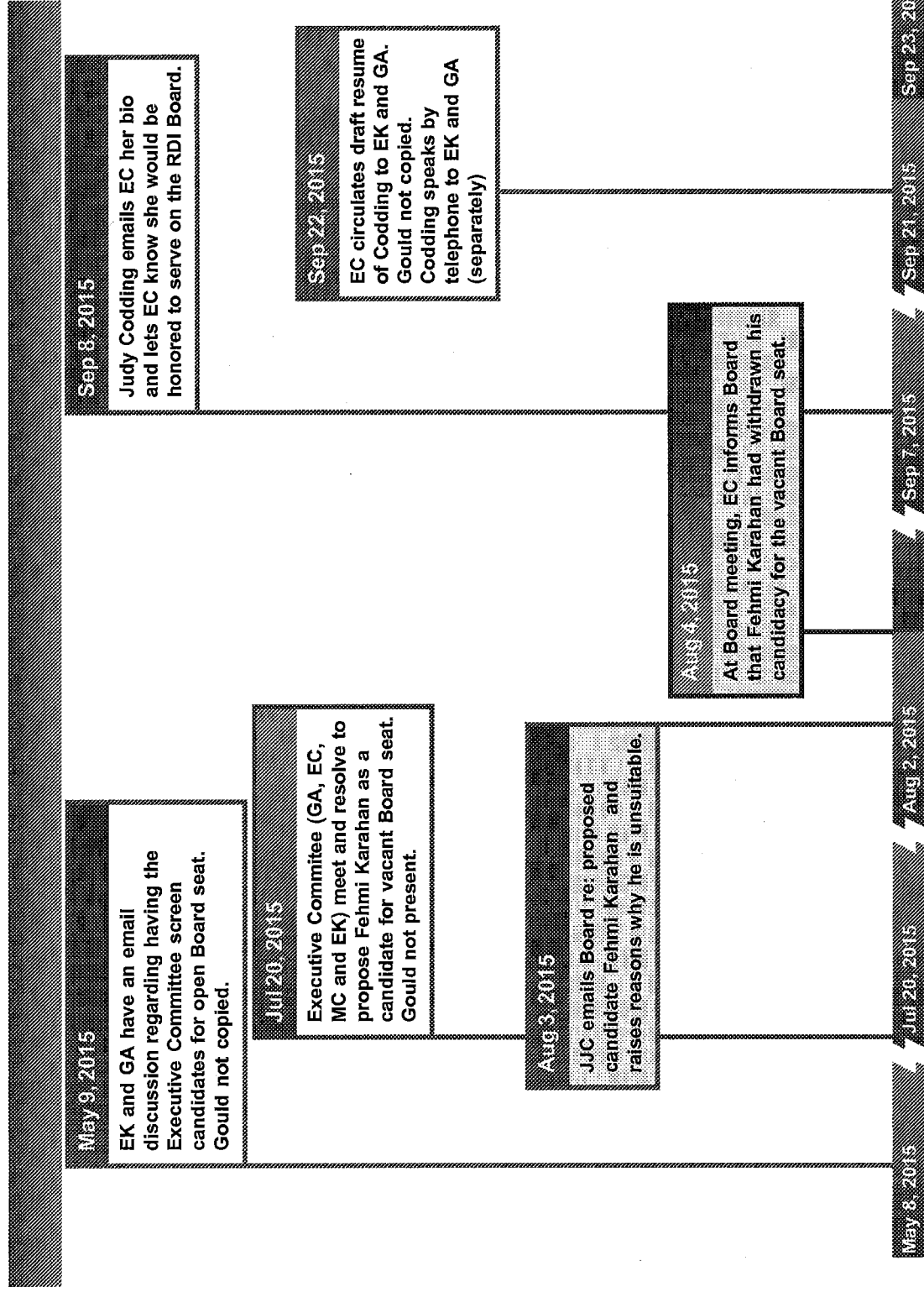








# Exhibit 6



## Search For Independent Directors

<p><b>Oct 7, 2015</b></p> <p>JJC emails all directors and suggests Gil Borok for the open director position.</p>					<p>Oct 7, 2015</p>
<p><b>Oct 5, 2015</b></p> <p>JCJ emails Board protesting process for appointment of Directors. Judy Cotting was elected to the Board on the same day for an initial term expiring at the next annual meeting.</p>			<p><b>Oct 6, 2015</b></p> <p>Special Nominating Committee (GA, EK, DM) meets and agrees to recommend Wrotniak for vacant Board position. CT also attends as secretary. Could not present.</p>		<p>Oct 5, 2015</p>
<p><b>Oct 2, 2015</b></p> <p>EC sends memo to Board informing them that she intends to propose the Board nominate Coddling to the Board on October 5 and that she intends to submit Wrotniak for consideration to the Special Nominating Committee. EC also meets with Gould to discuss Coddling.</p>					<p>Oct 3, 2015</p>
<p><b>Oct 1, 2015</b></p> <p>EC sends memo to Board informing them that she intends to propose the Board nominate Coddling to the Board on October 5 and that she intends to submit Wrotniak for consideration to the Special Nominating Committee. EC also meets with Gould to discuss Coddling.</p>					<p>Oct 1, 2015</p>
<p><b>Sep 25, 2015</b></p>					<p>Sep 25, 2015</p>
					<p>Sep 27, 2015</p>
					<p>Sep 29, 2015</p>
					<p>Oct 7, 2015</p>

8/20/2016

Schedule 14A, 2015 Proxy Statement

Eileen M. Cother  
Chairperson of the Board

October 16, 2015



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

**PROXY STATEMENT**

Annual Meeting of Stockholders  
Tuesday, November 10, 2015

**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 2015 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 10, 2015, at 11:00 a.m., local time, at The Ritz Carlton - Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, 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 Tuesday, October 20, 2015.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2016 Annual Meeting of Stockholders, (2) ratify the appointment of Grant Thornton LLP as our independent auditor for the fiscal year ending December 31, 2015, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of October 6, 2015, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock").

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 of Directors under Proposal 1 and FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 under Proposal 2.

**INTERNET AVAILABILITY OF PROXY DOCUMENTS**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON NOVEMBER 10, 2015** - This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, are available at our website, <http://www.readingdi.com>, under "Investor Relations."

9/20/2016

Schedule 14A 2015 Proxy Statement

4

**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 October 6, 2015, by Reading's Board of Directors to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2015 Annual Meeting of Stockholders, which will be held on Tuesday, November 10, 2015, at 11:00 a.m. Pacific Time, at The Ritz Carlton - Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292.

**What items of business will be voted on at the annual meeting?**

There are two items of business scheduled to be voted on at the 2015 Annual Meeting:

- " PROPOSAL 1: Election of nine directors to the Board of Directors.
- " PROPOSAL 2: Ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

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 of Directors recommends that you vote:

- " On PROPOSAL 1: "FOR" the election of its nominees to the Board of Directors.
- " On PROPOSAL 2: "FOR" the ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

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

Other than the two items 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 October 6, 2015. 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 85 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.

**How can I get electronic access to the proxy materials?**

This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014 as filed with the Securities and Exchange Commission are available at our website, <http://www.readingrdi.com>, under "Investor Relations."

**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, 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 meeting the opportunity to vote their shares, whether or not they attend the 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 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 our Class B Stock of record 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., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- " By Telephone — Holders of our Class B Stock of record 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 our Class B Stock of record will need to have the control number that appears on their proxy card available when voting. In addition, 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., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- " By Mail — Holders of our Class B Stock of record 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 before the polls are closed at the Annual Meeting.

- " **In Person** — Holders of our Class B Stock of record 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 holder but not the stockholder of record may be voted in person at the Annual Meeting only if such stockholder is able to obtain a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial holder 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 received by the inspector of election 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 of record as a 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?**

The ratification of Grant Thornton LLP as our independent auditors for 2015 is the only routine matter to be presented at the Annual Meeting by the Board on which brokers may vote in their discretion on behalf of beneficial owners who have not provided voting instructions.

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

The election of nine members to the Board of Directors 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 2015 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote on that matter 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., posting or other delivery charges pre-paid, c/o Office of the Secretary, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, stating that you revoke your proxy. To be effective, we 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 principal executive offices between the hours of 9:00 a.m. and 5:00 p.m. 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 Director 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 member of the slate. 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.

Proposal 2 requires the affirmative "FOR" vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

Except with respect to the Proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions 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 Chairperson of the Board of Directors, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by Ms. Cotter 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 Chairperson, (2) our Board of Directors, 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 Chairperson and also serves as our interim Chief Executive Officer and President and serves as the Chief Operating Officer for our Domestic Cinemas. Ellen M. Cotter has been with our Company for more than 17 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 \$125.7 million. Margaret Cotter is our current Vice-Chairperson. Margaret Cotter has been responsible for the operation of our live theaters for more than the past 14 years and has for more than the past five years been actively involved in the re-development of our New York properties.

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 and Margaret Cotter are the Co-Executors of their father's (James I. Cotter, Sr.) estate and Co-Trustees of a trust (the "Living 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 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 of Directors under Proposal 1.

James Cotter, Jr. alleges he has the right to vote the shares held by the Living 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 Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for each of the nine nominees named in this Proxy Statement for election to the Board of Directors 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 Living 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" exception 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 comprised of at least a majority of independent directors; we are nevertheless nominating six independent directors for election to our Board. We have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") comprised entirely of independent directors. And, we have a four member Executive Committee comprised of our Chairperson and Vice-Chairperson and two independent directors (Messrs. Guy W. Adams and Edward L. Kane). Due to this structure, the concurrence of at least one independent 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. Six Directors on our Board are independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the lead director among our Independent Directors. In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chairperson of the Board and interim 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, the Compensation Committee, and the Tax Oversight Committee, each having a separate independent chairperson. In connection with the Annual Meeting, we have established a Special Nominating Committee comprised of the chairs of our Executive, Audit and Compensation Committees.

**Management Succession**

James J. Cotter, Sr., our Company's controlling stockholder, Chairperson and Chief Executive Officer, resigned from all positions at our Company on August 7, 2014, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chairperson, Margaret Cotter, her sister, was appointed Vice Chairperson and James J. 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 J. 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 has established an Executive Search Committee (the "Search Committee") comprised of our Chairperson, our Vice Chairperson and directors Adams, Gould and McEachern and has retained Korn Ferry to seek out candidates for the Chief Executive Officer position. The Search Committee will consider both internal and external candidates.

#### **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, the Compensation Committee and the Tax Oversight 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, Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock. Based on advice of counsel, our Board has determined that therefore the Company is a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of certain exceptions from the NASDAQ Listing Rules afforded to our Company as a Controlled Company. In reliance on a "controlled company" exception, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board comprised of a majority of independent Directors and fully independent Audit and Compensation Committees, and has no present intention to vary from that structure. For purposes of selecting nominees for our 2015 Annual Meeting, the Board formed a Special Nominating Committee comprised of the Chairs of our Executive, Audit and Compensation Committees (Messrs. Adams, McEachern and Kane, respectively), and delegated to that committee authority to recommend nominees to the Board for the Board's approval and nomination. Proposal 1 is comprised of the nominees recommended by the Special Nominating Committee and approved and nominated by our Board.

#### **Board Committees**

Our Board has a standing Executive Committee, Audit Committee, Compensation Committee, and Tax Oversight Committee. These committees 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 comprised 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 no meetings during 2014.

**Audit Committee.** The Audit Committee operates pursuant to Charter adopted by our Board that is available on our website at [www.readingrdi.com](http://www.readingrdi.com). Our Board has determined that the Audit Committee is comprised 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 comprised of Mr. McEachern, who serves as Chair, and Mr. Kane. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Audit Committee throughout 2014. The Audit Committee held four meetings during 2014.

**Compensation Committee.** The Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Alfred Villaseñor, a former Director, served on our Compensation Committee during 2014 until his term expired at the time of our 2014 Annual Meeting. Mr. Storey served on our Compensation Committee throughout 2014. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer and Cotter family members and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2014.

**Tax Oversight Committee.** Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board informed about our Company's tax planning and such tax issues as may arise from time to time. This committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr. The Tax Oversight Committee held four meetings during 2014.

#### **Consideration and Selection of the Board's Director Nominees**

The Company has elected to take the "controlled company" exception under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. However, in connection with the Annual Meeting, the Board established a Special Nominating Committee consisting of Mr. Guy W. Adams (the Chair of our Executive Committee), Mr. Edward L. Kane (the Chair of our Compensation Committee) and Mr. Doug McEachern (the Chair of our Audit Committee) and delegated to that committee authority to evaluate and recommend nominees to the full Board for the Board's consideration, approval and nomination. Proposal 1 (Election of Directors) sets forth the names of the nominees recommended by the Special Nominating Committee and approved and nominated by our full Board.

The Special Nominating Committee considered for nomination incumbent Directors and candidates proposed by Ellen M. Cotter, Margaret Cotter and Mr. James Cotter, Jr. As part of its deliberations, the Special Nominating Committee reviewed the qualifications of each candidate submitted and conducted interviews with certain of the candidates. Since Ellen M. Cotter and Margaret Cotter vote a majority of the Class B Stock, the Special Nominating Committee and the Board accordingly considered their views with respect to the 2015 Director nominees.

Following a review of the experience and overall qualifications of the Director candidates evaluated by the Special Nominating Committee, the Committee recommended that the full Board nominate, and the full Board resolved to nominate, each of the individuals named in Proposal 1 for election as Directors of the Company at our 2015 Annual Meeting of Stockholders.

The Special Nominating Committee reported to the Board that in reaching the decision to recommend the nomination of Mr. James J. Cotter, Jr. for re-election to the Board, the Special Nominating Committee had taken a number of factors into consideration. Without attempting to place any particular priority on any particular consideration or to enumerate all of the matters discussed, the Special Nominating Committee reported to the Board that it had considered, among other factors, Mr. Cotter Jr.'s pending litigation against certain of the other Directors and arbitration proceedings with the Company; the Board's recent determination to terminate Mr. Cotter, Jr. as the Company's Chief Executive Officer and President of the Company; the potential that this personnel action and resultant legal proceedings could contribute to 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; and the fact that Ellen M. Cotter and Margaret Cotter had notified the Special Nominating Committee that, if Mr. Cotter, Jr. was not nominated by the Board, they intend to vote in their capacity as stockholders, as the Co-Executors of the Cotter Estate and as a majority of the Co-Trustees of the Trust, to nominate Mr. Cotter, Jr. from the floor and to vote the more than 70% of the voting stock that they collectively control for the election of Mr. Cotter, Jr. After considering these factors and their deliberations, the Special Nominating Committee recommended that Mr. Cotter, Jr. be nominated to serve another term as a Director of the Company.

The Board approved each of the nominees recommended by the Special Nominating Committee, with James J. Cotter, Jr. voting against each of the recommended nominees (including himself) and Dr. Codding abstaining (Mr. Wrotniak was not present for the meeting). Mr. Cotter, Jr. subsequently executed a consent to being named as a nominee in these materials and

has agreed to serve as a Director if he is elected. Director Coddington informed the Board that she abstained in view of the fact that she had just recently joined our Board. Director Wrotniak was not present at the meeting, having only recently been appointed to the Board earlier in the day.

#### 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, [www.readingrdi.com](http://www.readingrdi.com), under the "Investor Relations—Governance Documents" caption.

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" 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 has adopted a written policy 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 policy is available at [www.readingrdi.com](http://www.readingrdi.com) under the "Investor Relations" caption. The policy 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 related person's interest in the transaction;
- The approximate dollar value of the amount involved in the transaction;
- 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;
- Whether the transaction was undertaken in the ordinary course of business of the Company;
- Whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- The purpose of, and the potential benefits to the Company of, the transaction;
- 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.

**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 2016 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 of Directors 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 of Directors. We believe the nominees named will be able 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.....	49	Chairperson of the Board, Interim Chief Executive Officer and President, and Chief Operating Officer - Domestic Cinemas (1)
Guy W. Adams.....	64	Director(1) (2)
Judy Coddington.....	70	Director
James J. Cotter, Jr.....	46	Director(3)
Margaret Cotter.....	47	Vice Chairperson of the Board(1)
William D. Gould.....	76	Director(4)
Edward L. Kane.....	77	Director(1) (2) (3) (5)
Douglas J. McEachern.....	64	Director(5)
Michael Wrotniak.....	48	Director

- (1) Member of the Executive Committee.
- (2) Member of the Compensation and Stock Options Committee.
- (3) Member of the Tax Oversight Committee.
- (4) Lead Independent Director.
- (5) Member of the Audit and Conflicts Committee.

**Ellen M. Cotter.** Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013, was appointed Chairperson of our Board on August 7, 2014 and has served as our interim Chief Executive Officer and President since June 12, 2015. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate 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 Manhattan. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. For more than the past ten years, Ms. Cotter has served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she has, among other things, been responsible for the acquisition and development, marketing and operation of our cinemas. Prior to her appointment as COO Domestic Cinemas, she spent one 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 her father's 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 James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our Company's domestic cinema operations. 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 her father's (James J. Cotter, Sr.) estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.



**Guy W. Adams.** Guy W. Adams has been a Director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. 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. He has held a variety of public company board positions, including lead director, audit committee chair and compensation committee chair. Mr. Adams provided investment advice to various family offices and invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and to various enterprises now owned by the James J. Cotter, Sr. Estate or the James J. Cotter, Sr. 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 was elected to serve as a Director of the Company on October 5, 2015. Dr. Codding is a globally respected education leader. She is currently, and has since 2010 been, the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE:PSO), a leading education company providing education products and services to institutions, governments and direct to individual learners. Prior to that time, and for more than the past five years, 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 educational organization offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate from University of Massachusetts at Amherst, and completed post-doctoral work and served as a teaching associate in Education at Harvard University. Dr. Codding serves 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.

Dr. Codding brings to the Board her experience as an entrepreneur and as an advisor and researcher in the areas of leadership training and leadership decision making.

**James J. Cotter, Jr.** James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, serving as Vice Chairperson from June 2007 until he was succeeded by Margaret Cotter on 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 served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a Director to 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, 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. is a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing 44.0% of such Class B Stock).

James J. Cotter, Jr. brings to the 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 859,286 shares of our Company's Class A Common Stock and his position as Co-Trustee of the James J. Cotter, Sr. Trust, Mr. Cotter, Jr. is a significant stake holder in our Company. Further, depending on the outcome of ongoing litigation among members of the Cotter family, in the future Mr. Cotter, Jr. may be a controlling shareholder in the Company.

**Margaret Cotter.** Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live-theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. While she receives management fees through OBI, Ms. Cotter receives no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, manages the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and 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 J. Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of her father's 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 James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% 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 theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 16 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 her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

**William D. Gould.** William D. Gould has been a Director of our Company since October 15, 2004 and 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 paid to Mr. Gould's law firm during 2014 were \$41,642. Mr. Gould is an author and lecturer on the subjects of corporate governance and 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 Tax Oversight Committee and of our Compensation Committee. He also serves as a member of our Executive Committee and our Audit Committee. At various times during the past three decades, he 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.

Mr. Kane brings to the Board his many years as a tax attorney and law professor, which experience well-serves our Company in addressing tax matters. 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 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. 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. Mr. McEachern is also the Chair of the board of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since September 2009, Mr. McEachern has also 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 the Board his more than 37 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 was elected to serve as a Director of the Company on October 12, 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 five 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.B.A. (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to the Board his considerable experience in international business, including foreign exchange risk mitigation.

#### Attendance at Board and Committee Meetings

During the year ended December 31, 2014, our Board of Directors met seven times. The Audit Committee held four meetings and the Compensation Committee held three meetings, while the Tax Oversight Committee held four meetings. 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 2014, we paid our non-employee directors \$35,000 per year. This amount was increased to \$50,000 in 2015. We pay the Chairman of our Audit Committee an additional \$7,000 per year, the Chairman of our Compensation Committee an additional \$5,000 per year, the Chairman of our Tax Oversight Committee an additional \$18,000 per year and the Lead Independent Director an additional \$5,000 per year.

During 2014 we paid an additional one-time fee of \$5,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of \$10,000 to Mr. Storey. Messrs. McEachern and Storey also each received an additional \$6,000 for their additional committee work. In 2015 we 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.

Upon joining our Board, new Directors have 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. Initial grants to be made to Ms. Coddington and Mr. Wrotniak, our recently appointed Directors, are being reviewed by our Compensation Committee. Commencing January 15, 2015, each of our non-employee Directors will receive an additional annual grant of stock options to purchase 2,000 shares of our Class A Stock. The award will be on January 15 of the applicable year, will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

#### Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2014 for their services as Directors.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Margaret Cotter (1)	\$5,000	0	0	\$5,000
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould	40,000	0	0	40,000
Edward L. Kane	63,000	0	0	63,000

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Douglas J. McEachern	\$3,000	0	0	\$3,000
Tim Storey	\$1,000	0	21,000(3)	72,000
Alfred Villaseñor (4)	\$0	0	0	\$0

(1) In addition to her Director's fees, Ms. Margaret Cotter receives 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.

(2) Mr. Adams joined the Board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of \$7.40 per share. In accordance with SEC rules, the amount shown reflects the aggregate grant date fair value of the option award, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(3) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.

(4) Represents fees paid to Mr. Villaseñor prior to our 2014 Annual Meeting of Stockholders, when he declined to stand for re-nomination as a Director.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

The Board has nominated each of the nominees discussed above to hold office until the 2016 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 unwilling to serve.

**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 of Directors under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Living Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Living 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 Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for the nine nominees named in this Proxy Statement for election to the Board of Directors 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 Living Trust.

**PROPOSAL 2: Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee has selected Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2015, and the Board has ratified such appointment. The Board has directed that our management submit the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 for ratification by the stockholders at the Annual Meeting.

Grant Thornton LLP has audited our consolidated financial statements since 2011. Representatives of Grant Thornton LLP are expected to be at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 is not required by our Bylaws or otherwise. However, the Board has directed our management to submit this selection to the stockholders for ratification as a matter of good corporate practice. In the event the stockholders fail to ratify the selection of Grant Thornton LLP, the Audit Committee will not be required to replace Grant Thornton LLP as our independent registered public accounting firm. In the event of such a failure to ratify, the Audit Committee and the Board will reconsider whether or not to retain Grant Thornton LLP as our independent registered public accounting firm in future years. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if the Audit Committee determines that such a change would be in our and our stockholders' best interests.

**Vote Required**

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015.**

**REPORT OF THE AUDIT AND CONFLICTS COMMITTEE**

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2014.

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 of Directors. 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 of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2014 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 of Directors, 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, Chairman  
Edward L. Kane  
Tim Storey

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## 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 October 6, 2015 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%.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
<b>Directors and Named Executive Officers</b>				
Ellen M. Cotter (2)(8)	3,146,965	14.0	1,173,888	69.8
James J. Cotter, Jr. (8)(9)	3,149,076	14.0	696,080	44.0
Margaret Cotter (3)(8)	3,335,012	14.9	1,153,988	69.0
Guy W. Adams	—	—	—	—
Judy Coddling	—	—	—	—
William D. Gould (4)	34,340	*	—	—
Edward L. Kane (5)	17,500	*	100	*
Andrzej Matyczynski (12)	38,289	*	—	—
Douglas J. McEachem (6)	37,300	*	—	—
Michael Wrotniak	—	—	—	—
Robert F. Smerling (7)	43,750	*	—	—
Wayne Smith	6,000	*	—	—
<b>5% or Greater Stockholders</b>				
James J. Cotter Living Trust (8)	1,897,619	8.5	696,080	44.0
Estate of James J. Cotter, Sr. (Deceased) (8)	326,800	1.5	427,808	25.5
Mark Cuban (10) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (11) 875 Prospect Street, Suite 301 La Jolla, California 92037	—	—	97,500	6.2

All Directors and executive officers as a group (12 persons) (13)

5,315,993

23.7

1,209,088

71.9

(1) Percentage ownership is determined based on 22,425,056 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on October 6, 2015. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently 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 "Living Trust"). See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). 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 Living Trust. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(4) The Class A Stock shown includes 17,000 shares subject to stock options.

(5) The Class A Stock shown includes 2,000 shares subject to stock options.

(6) The Class A Stock shown includes 27,000 shares subject to stock options.

(7) The Class A Stock shown consists of shares subject to stock options.

(8) On June 5, 2013, the Declaration of Trust establishing the Living 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 J. 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 Living 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 J. 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 J. 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 J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Living Trust. On February 6, 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 J. 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 Living Trust are reflected on the Company's stock register as being held by the Living 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 Living 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 Living Trust.

(9) The Class A Stock shown includes 859,286 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 Living Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). The Class A Stock shown includes 811,661 shares pledged as security for a margin loan.

(10) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13D filed on August 3, 2015.



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- (11) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on February 15, 2011.
- (12) The Class A Stock shown includes 12,500 shares subject to stock options.
- (13) The Class A Stock shown includes 139,250 shares subject to 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 Securities and Exchange Commission (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 transaction that occurred in 2014 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file three Forms 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock;
- The Estate of James Cotter, Sr. (Deceased) failed to timely file one Form 3 with respect to one transaction in our common stock; and
- The James J. Cotter Living Trust failed to timely file one Form 3 with respect to one transaction in our common stock.

All of the transactions involved were between the individual involved and our Company or related to certain inter-family or estate planning transfers, and did not involve transactions with the public. 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, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

<b>Name</b>	<b>Age</b>	<b>Title</b>
Devasis Ghose	62	Chief Financial Officer
Robert F. Smerling	80	President - Domestic Cinemas
William D. Ellis	58	General Counsel and Secretary
Wayne D. Smith	57	Managing Director – Australia and New Zealand
James J. Cotter, Sr.		Former Chief Executive Officer (Deceased)
James J. Cotter, Jr.	46	Former Chief Executive Officer
Andrzej Matyczynski	63	Former Chief Financial Officer, Treasurer and Corporate Secretary

**Devasis ("Dev") Ghose.** Devasis Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. 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 57 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

**William D. Ellis.** William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our Company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer (handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, areas in which we have particular asset concentrations. Mr. Ellis graduated Phi Beta Kappa from Occidental College in 1979 with a Bachelor of Arts degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

**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.

**James J. Cotter Sr.** James J. Cotter Sr. served as our Chairman and Chief Executive Officer during 2014 until his resignation on August 7, 2014.

**James J. Cotter Jr.** James J. Cotter Jr. served as our President during all of 2014 and was appointed our Chief Executive Officer on August 7, 2014. He served as our Vice Chairman during 2014 through August 7, 2014. Mr. Cotter's position as President and Chief Executive Officer continued until June 12, 2015.

**Andrzej Matyczynski.** Andrzej Matyczynski served as our Chief Financial Officer, Treasurer and Corporate Secretary during 2014. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015.

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**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis*****Role and Authority of the Compensation Committee***

Our Board has established a standing Compensation Committee consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation.

The Compensation Committee recommends 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 has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chairman and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, 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.

Throughout this proxy statement, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

***CEO Compensation***

The Compensation Committee recommends 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. The Compensation Committee has 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 is to reasonably reward our Chief Executive Officer for his or her performance and leadership.

In 2007, our Board approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our Company and its predecessors. None of Mr. James J. Cotter, Jr., our former Chief Executive Officer, Ms. Ellen M. Cotter, our interim Chief Executive Officer, or any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

***2014 CEO Compensation***

The Compensation Committee engaged Towers Watson, formerly Towers Perrin, executive compensation consultants, in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analysis, 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.

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Compensation Committee engaged Towers Watson to update its analysis of Mr. Cotter, Sr.'s compensation as compared to his peers, which updated report was received on February 26, 2014. The Company paid Towers Watson \$11,461 for the updated report.

The 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 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 18 companies:

Acadia Realty Trust  
Amalgamated Holdings Ltd.  
Associated Estates Realty Corp.  
Carnike 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.

Towers Watson predicted 2014 pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of \$260 million (i.e., our Company's approximate annual revenues) for all companies, excluding financial services companies. Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits, except as Mr. Cotter, Sr.'s annual cash compensation may change.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, was above Mr. Cotter, Sr.'s pay levels in 2013. The peer group is partially comprised of companies that are larger than our Company, and the 66th percentile level tends to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson was below our Chief Executive Officer pay levels.

Towers Watson averaged the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s 2013 cash compensation and total direct compensation, which includes the expected value of long-term incentive compensation, was in line with the 66th percentile.

Because our Company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it was not necessary to separately adjust the peer group data based on the size of our Company.

The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our Board the following compensation for Mr. Cotter, Sr. for 2014 and on March 13, 2014, our Board accepted the Compensation Committee's recommendation without modification:

Salary: \$750,000

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at its 2013 level of \$750,000, which approximates the 75th percentile of the peer group.

Discretionary Cash Bonus: Up to \$750,000.

In 2013, the Compensation Committee recommended and our Board approved a total cash bonus to Mr. Cotter, Sr. of \$1,000,000, as compared to the target bonus of \$500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to \$750,000 from the 2013 target level of \$500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or

quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our Company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

At its meeting on August 14, 2014, the Compensation Committee determined that Mr. Cotter, Sr.'s successful completion of our sale of the Burwood property in Australia and other accomplishments in 2014 justified this award to Mr. Cotter, Sr. of the full \$750,000 cash bonus, plus an additional cash bonus of \$300,000. The Compensation Committee's determination to award the extraordinary cash bonus was based in part on the advice of Towers Watson.

Stock Bonus: \$1,200,000 (160,643 shares of Class A Stock).

At its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he was to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to \$1,200,000 divided by the closing price of the stock on February 27, 2014, the date the Committee approved the stock bonus. This compares to a similar stock bonus to Mr. Cotter, Sr. of \$750,000 in 2013.

The stock bonus was paid to the Estate of Mr. Cotter, Sr. in February 2015.

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James J. 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.

#### *Total Direct Compensation*

We and our Compensation Committee have 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*

The compensation of the Cotter family members as executive officers of our Company is determined by the Compensation Committee based on the same compensation philosophy used to determine Mr. Cotter, Sr.'s 2014 compensation. The Cotter family members' respective compensation consists of a base cash salary, discretionary cash bonus and periodic discretionary grants of stock options.

Mr. Cotter, Sr. set the 2014 base salaries of our executive officers other than himself and members of his family. Mr. Cotter, Sr.'s decisions were not subject to approval by the Compensation Committee or our Board, but our Compensation Committee and our Board considered Mr. Cotter, Sr.'s decisions with respect to executive compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. informed us that he did not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor did he consult with compensation consultants on the matter. Mr. Cotter, Sr. also advised us that he 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 considered by Mr. Cotter, Sr. in establishing base salaries. We have 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 2014, 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 is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered by Mr. Cotter, Sr. in setting the base salaries may have 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 have awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our Board has delegated to our Chief Executive Officer 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. Any discretionary annual bonuses to the Cotter family executive have historically been determined by our Board based upon the recommendation of our Compensation Committee.

No cash bonuses were awarded to Cotter family members other than Mr. Cotter, Sr. for 2014. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

**Stock Bonus:** 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 set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to approval by the Compensation Committee. 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 Capital 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.

Andrzej Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April 15, 2016. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of \$244,500 and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

Other than Mr. Cotter, Sr.'s and Mr. Cotter, Jr.'s roles as Chief Executive Officer in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

#### **2014 Base Salaries and Target 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, 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 2014:

Name	2013 Base Salary (\$)	2014 Base Salary (\$)
James J. Cotter, Jr.	195,417	335,000
Ellen M. Cotter	335,000	335,000

The base salaries of our other named executive officers were established by Mr. Cotter, Sr. as shown in the following table:

Name	2013 Base Salary (\$)	2014 Base Salary (\$)
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	351,500	359,250

All named executive officers are eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service. Our Board reserves discretion to adjust bonuses for the Cotter family members based on its own evaluations of the recommendations of our Compensation Committee as it did in both 2013 and 2014 in Mr. Cotter, Sr.'s case.

We offer stock options and stock awards to our employees, including named executive officers, as the long-term incentive component of our compensation program. We sometimes grant 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 grant 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.

#### 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 through 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.

##### Supplemental Executive Retirement Plan

In March 2007, our Board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. was to be entitled to receive from our Company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our Company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

##### 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. 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. Mr. Matyczynski's DCP vested as follows:

<b>December 31</b>	<b>Total Vested Amount at the End of Each Vesting Year</b>
2013	\$300,000
2014	\$450,000

Mr. Matyczynski resigned his employment with the Company effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April, 2016. Upon the termination of Mr. Matyczynski's employment, he would become 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, unless his employment were to be terminated for cause.

We currently maintain no other retirement plan for our named executive officers.

#### *Key Person Insurance*

Our Company maintains life insurance on certain individuals who we believe to be key to our management. In 2014, these individuals included James J. Cotter, Sr., James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, Director or independent contractor of our Company, 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 our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers, the premium paid by our Company 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, although in the past we provided Mr. Cotter, Sr. the personal use of our West Hollywood, California, condominium, which was used as an executive meeting place and office and sold in February 2015, a Company-owned automobile and a health club membership. Historically, all of our other named executive officers also have received an automobile allowance. From time to time, we may provide other perquisites to one or more of our other named executive officers.

#### *Tax Gross-Ups*

As a general rule, we do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation paid or provided by our Company. In 2014, however, we reimbursed Ms. Ellen M. Cotter \$50,000 for income taxes she incurred as a result of her exercise of stock options that were deemed to be nonqualified stock options for income tax purposes, but which were intended by the Compensation Committee and her to be so-called incentive stock options, or "ISOs", when originally granted. Our Compensation Committee believed it was appropriate to reimburse Ms. Cotter because it was our Company's intention at the time of the issuance to give her the tax deferral feature applicable to ISOs. Due to the application of complex attribution rules, she did not in fact qualify for such tax deferral. Accordingly, upon exercise, she received less compensation than the Compensation Committee had intended.

#### *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. The Compensation Committee and our Board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the

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discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

*Nonqualified Deferred Compensation*

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

*Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

*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.

**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  
Tim Storey

**Compensation Committee Interlocks and Insider Participation**

Our Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams, Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Compensation Committee throughout 2014. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2014. 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 Board of Directors or Compensation Committee.

**Executive Compensation**

This section discusses the material components of the compensation program for our executive officers named in the 2014 Summary Compensation Table below. In 2014, our named executive officers and their positions were as follows:

- James J. Cotter, Sr., former Chairman of the Board and former Chief Executive Officer.
- James J. Cotter, Jr., former Vice Chairman, Chief Executive Officer and President.
- Andrzej Matyczynski, former Chief Financial Officer, Treasurer and Corporate Secretary.
- Robert F. Smerling, President – Domestic Cinema Operations.
- Ellen M. Cotter, Chairperson of the Board, interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC.
- Wayne Smith, Managing Director – Australia and New Zealand.

**Summary Compensation Table**

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through December 31, 2014, (iii) Mr. Andrzej Matyczynski, who served as our Chief Financial Officer through December 31, 2014, and (iv) the other three most highly compensated persons who served as executive officers in 2014. 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	All Other Compensation (\$)	Total (\$)
						Earnings (\$)		
James J. Cotter, Sr.(2) Former Chairman of the Board and Chief Executive Officer	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000

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James J. Cotter, Jr. (5)	2014	335,000	--	--	--	--	27,000 (7)	362,000
Former President and Chief Executive Officer	2013	195,000	--	--	--	--	20,000 (7)	215,000
	2012	--	--	--	--	--	0	0
Andrzej Matyczynski (9)	2014	309,000	--	--	33,000	150,000 (6)	26,000 (7)	518,000
Former Chief Financial Officer, Treasurer and Corporate Secretary	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
President - Domestic Cinema Operations	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter (10)	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
Interim President and Chief Executive Officer, Chief Operating Officer	2013	335,000	--	--	--	--	25,000 (7)	360,000
Domestic Cinema	2012	335,000	60,000	--	--	--	25,000	420,000
Wayne Smith	2014	324,000	56,000	--	--	--	19,000 (7)	388,000
Managing Director - Australia and New Zealand	2013	339,000	--	--	--	--	20,000 (7)	359,000
	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

(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 Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 17, 2015.

(2) Mr. Cotter, Sr. resigned as our Chairman and Chief Executive Officer on August 7, 2014.

(3) Represents the present value of the vested benefits under Mr. Cotter, Sr.'s SERP. In October 2014, we began accruing monthly supplemental retirement benefits of \$57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries. Under the SERP, such payments are to continue for a 180-month period.

(4) Until February 25, 2015, we owned a condominium in West Hollywood, California, which we used as an executive meeting place and office. "All Other Compensation" includes the estimated incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., our matching contributions under our 401(k) plan, the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by our Company.

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014 and served until June 12, 2015.

(6) 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.

(7) Represents our matching contributions under our 401(k) plan, the cost of key person insurance, and any automobile allowances.

(8) Includes the \$50,000 tax gross-up described in the "Tax Gross-Up" section of the Compensation Discussion and Analysis.

(9) Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer on May 11, 2015.

(10) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 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, 2014:

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<u>Grant Date</u>	<u>Estimated Future Payments Under Non- Equity Incentive Plan Awards</u>	<u>Estimated Future Payments Under Equity Incentive Plan Awards</u>	<u>All Other Stock Awards: Number of Shares of Stock or Units</u>	<u>All Other Option Awards: Number of Securities Underlying Options (#)</u>	<u>Exercise or Base Price of Option Award</u>	<u>Grant Date Fair Value of Stock and Option Awards</u>
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Name	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)
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James J. Cotter, Jr.	12/31/2014	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000						
Wayne Smith (1)	12/31/2014				6,000	6,000	6,000			
William Ellis	10/20/2014							60,000	\$ 8.94	171,457

(1) The awards issued to Mr. Wayne Smith are related to his prior-year performance and will vest in equal installments in 2015 and 2016.

### Employment Agreements

**James J. Cotter, Jr.** On June 3, 2013, we entered into an employment agreement with Mr. James J. Cotter, Jr. to serve as our President. The employment agreement provided Mr. Cotter, Jr. with an annual base salary of \$335,000, with employee benefits in line with those received by our other senior executives. Mr. Cotter, Jr. also was granted a stock option to purchase 100,000 shares of our Class A Stock at an exercise price equal to the market price of our Class A Stock on the date of grant and which vested in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

On June 12, 2015, the Board terminated the employment of James J. 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. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which is currently subject to arbitration.

**Devasis Ghose.** On April 20, 2015, we entered into an employment agreement with Mr. Devasis 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 provides that Mr. Ellis is to receive an annual base salary of \$350,000, with an annual target bonus of at least \$60,000. Mr. Ellis also received a "sign-up" bonus of \$10,000 and is entitled to employee benefits in line with those received by our other senior executives. 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.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

**Andrzej Matyczynski.** Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for an annual base salary of \$312,000 and other 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 will continue as an employee until April 13, 2016 (the "Retirement Date") in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of \$244,500 and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

#### 2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan (the "Plan") at the annual meeting of stockholders in accordance with the recommendation of the Board of Directors 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 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 Capital 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.

#### Certain Federal Income Tax Consequences

**Nonqualified Stock Options.** There will be no federal income tax consequences to either the Company or the participant upon the grant of a non-discounted nonqualified stock option. However, the participant will realize ordinary income on the exercise of the nonqualified stock option in an amount equal to the excess of the fair market value of the common stock acquired upon the exercise of such option over the exercise price, and the Company will receive a corresponding deduction. The gain, if any, realized upon the subsequent disposition by the participant of the common stock will constitute short-term or long-term capital gain, depending on the participant's holding period.

**Incentive Stock Options.** There will be no regular federal income tax consequences to either the Company or the participant upon the grant or exercise of an incentive stock option. If the participant does not dispose of the shares of common stock for two years after the date the option was granted and one year after the acquisition of such shares of common stock, the difference between the aggregate option price and the amount realized upon disposition of the shares of common stock will constitute long-term capital gain or loss, and the Company will not be entitled to a federal income tax deduction. If the shares of common stock are disposed of in a sale, exchange or other "disqualifying disposition" during those periods, the participant will realize taxable ordinary income in an amount equal to the excess of the fair market value of the common stock purchased at the time of exercise over the aggregate option price (adjusted for any loss of value at the time of disposition), and the Company will be entitled to a federal income tax deduction equal to such amount, subject to the limitations under Code Section 162(m).

While the exercise of an incentive stock option does not result in current taxable income, the excess of (1) the fair market value of the option shares at the time of exercise over (2) the exercise price, will be an item of adjustment for purposes of determining the participant's alternative minimum tax income.

**SARs.** A participant receiving an SAR will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When a participant exercises the SAR, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and will be allowed as a deduction for federal income tax purposes to the Company, subject to limitations under Code Section 162(m). In addition, the Board (or Committee), may at any time, in its discretion, declare any or all awards to be fully or partially exercisable and may



discriminate among participants or among awards in exercising such discretion.

**Restricted Stock.** Unless a participant makes an election to accelerate recognition of the income to the date of grant, a participant receiving a restricted stock award will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock, and the Company will be entitled to a corresponding tax deduction at that time, subject to the limitations under Code Section 162(m).

#### Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2014 under the Plan:

#### Outstanding Equity Awards At Year Ended December 31, 2014

	Class	Option Awards				Stock Awards	
		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 J. Cotter, Sr.	B	100,000	—	10.24	09/05/2017	—	—
James J. Cotter, Jr.	A	12,500	—	3.87	07/07/2015	—	—
James J. Cotter, Jr.	A	10,000	—	8.33	01/19/2017	—	—
James J. Cotter, Jr.	A	100,000	—	6.31	02/06/2018	—	—
Ellen M. Cotter	A	20,000	—	9.59	03/06/2018	—	—
Ellen M. Cotter	B	50,000	—	10.24	09/05/2017	—	—
Andrzej Matyczynski	A	25,000	25,000	8.82	08/22/2022	—	—
Robert F. Smerling	A	43,750	—	10.24	09/05/2017	—	—

#### 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, 2014:

Option Awards	Stock Awards
---------------	--------------

9/20/2016

## Schedule 14A 2015 Proxy Statement

Name	Number of Shares Acquired on Exercise		Value Realized on Exercise (\$)		Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)	
James J. Cotter, Sr.					160,643		1,299,000
Andrzej Matyczynski	35,100		180,063				

## Pension Benefits

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2014:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James J. Cotter, Sr.(1)	SERP	27	\$ 7,593,000	\$--
Andrzej Matyczynski(2)	DCP	5	\$ 450,000	\$--

## Equity Compensation Plan Information

The following table sets forth, as of December 31, 2014, 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)	753,350	(2)\$ 7.63	1,625,050
Equity compensation plans not approved by security holders	160,643	(3)	--
Total	913,993		--

(1) These plans are the Company's 1999 Stock Option Plan and 2010 Stock Incentive Plan.

(2) Represents outstanding options only. The Company did not have any outstanding warrants and rights as of December 31, 2014.

(3) Represents the restricted stock to be issued in 2015.

**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, 2014:

**Mr. Devasis 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.** Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

**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.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

The members of our Audit and Conflicts Committee are Douglas McEachern, who serves as Chair, and Edward Kane. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts 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.

**Sutton Hill Capital**

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the 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 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 to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company that is owned by Sutton Hill Associates, which was a 50/50 partnership between James J. Cotter, Sr and Michael Forman. The Village East is the only cinema subject to this lease, and during 2014, 2013 and 2012 we paid rent to SHC in the amount of \$590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. 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 us 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. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its \$3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

In February 2015, we and SHP entered into an amendment to the management agreement dated as of June 27, 2007 between us and SHC. 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 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.

#### **OBI Management Agreement**

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter, who is our Vice Chair and the sister of Ellen M. Cotter.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2014, OBI Management earned \$397,000, which was 20.9% of net cash flows for the year. In 2013, OBI Management earned \$401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned \$390,000, which was 19.7% of net cash flows for the year. In each year, 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.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

#### **Live Theater Show Investment**

From time to time, our officers and Directors may invest in plays or other shows that lease our live theaters. The show STOMP has played in our Orpheum Theatre since prior to our acquisition of the theater in 2001. Mr. Cotter, Sr. owned an approximately 5% interest in that show.

#### **Shadow View Land and Farming LLC**

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed \$2.5 million of cash and \$255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California

and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our Company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is owned by the James J. Cotter, Sr. Living Trust, while Ellen M. Cotter and Margaret Cotter contend that such interest is owned by the Estate of James J. Cotter, Sr. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit Committee.

## 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, 2014, 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 2014 and 2013 were approximately \$661,700 and \$550,000, respectively.

#### Audit-Related Fees

Grant Thornton LLP did not provide us any audit related services for 2014 or 2013.

#### Tax Fees

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2014 or 2013.

#### All Other Fees

Grant Thornton LLP did not provide us any services for 2014 or 2013, 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 2014 and 2013.

## STOCKHOLDER COMMUNICATIONS

### Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is being provided with this Proxy Statement.

### Stockholder Communications with Directors

It is the policy of our Board of Directors 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 2016 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company 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 annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than June 22, 2016 to be considered timely. If our 2016 Annual Meeting is not within 30 days of the anniversary of our 2015 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 2016 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2016 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, 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 Board of Directors 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 of Directors.

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.

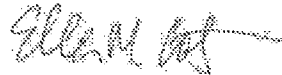
#### DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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

October 16, 2015

9/20/2018

Schedule 14A 2015 Proxy Statement

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8/20/2016

Schedule 14A 2015 Proxy Statement

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 November 9, 2015.

VOTE BY INTERNET WWW.PRSTC.COM/RESULT&CD=NR000

Use the Internet to transmit your voting instructions and to receive delivery of information up until 11:59 p.m. PT on November 9, 2015. Have your proxy card in hand when you access the Web site and follow the instructions to allow your records and to create an electronic voting authorization form.

OR

VOTE BY TELEPHONE 1-888-303-7888

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. PT on November 9, 2015. 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 enclosed envelope. We have provided for "Pre-Covered Results" for P.D. Box 2072, P.O. Box 2072, Beach, FL 32204-2072.

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 constitutes the entire proxy to vote your shares at the same meeting 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) Eileen M. Cotter (02) Guy W. Adams (03) Judy Coddington (04) James J. Cotter, Jr. (05) Margaret Cotter  
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. McEachern (09) Michael W. Pridemore

FOR ALL ☐ WITHHOLD ☐ FOR ALL EXCEPT ☐

To withhold your vote for any individual nominee(s), mark "For All Except" box and write the number(s) of the nominee(s) on the line below.

Proposal 2: Ratification of the Appointment of Our Independent Auditors, Grant Thornton LLP, for fiscal year 2015. The Board of Directors recommends a vote FOR approval of the appointment of our Grant Thornton LLP.

FOR ☒ AGAINST ☐ ABSTAIN ☐

Proposal 3: Other Business. In their discretion, the proxies are authorized to vote up on 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 on this card. If you are signing as attorney, executor, administrator, or other representative, please give full title as such. If shareholder is a corporation, please give full corporate name, or authorized officer, giving title as such. If a partnership, please sign in partnership name by authorized person giving full title as such.



9/20/2016

Schedule 14A 2015 Proxy Statement

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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, NOVEMBER 9, 2015,  
TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M.  
PACIFIC TIME, NOVEMBER 9, 2015 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.



**ANNUAL MEETING OF STOCKHOLDERS**  
November 10, 2015, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matczynski, and each of them, his 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 Ritz Carlton - Marina Del Rey, located at 4376 Admiralty Way, Marina del Rey, California 90293, on Tuesday, November 10, 2015 at 11:00 a.m., local time, 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, 2, 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

9/20/2016

Schedule 14A\_2015 Proxy Statement

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Data provided by Morningstar Document Research Service provided by

# **EXHIBIT 29**

9/21/2016

Proxy statement

READING INTERNATIONAL INC filed this DEF 14A on 05/18/2016

[Outline](#)

[Back to Results](#)

[Printer Friendly](#)

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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9/21/2016

Proxy statement

**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:**

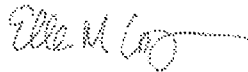
The 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Thursday, June 2, 2016, at 11:00 a.m., Local Time, for the 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 Kom 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. Kom 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. Coddington 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](http://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 McEachem, 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 Coddington 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 Coddington 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 Coddington 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, Coddington, 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 <sup>(1)</sup>
Guy W. Adams.....	65	Director <sup>(1)</sup>
Judy Coddington.....	71	Director <sup>(2)</sup>
James Cotter, Jr. ....	46	Director <sup>(2)</sup>
Margaret Cotter.....	48	Vice Chair of the Board and Executive Vice President-Real Estate Management and Development-NYC (1)
William D. Gould.....	77	Director <sup>(3)</sup>
Edward L. Kane.....	78	Director <sup>(1) (2) (3) (4)</sup>
Douglas J. McEachern.....	64	Director <sup>(3) (4)</sup>
Michael Wrotniak.....	49	Director <sup>(5)</sup>

- (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 Coddling.** Dr. Judy Coddling has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Coddling 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. Coddling 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. Coddling 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. Coddling 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. Coddling 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. Coddling 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 Coddington 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 Coddington	11,957	0	0	11,957
Margaret Cotter <sup>(2)</sup>	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 <sup>(3)</sup>	112,500	7,656	21,136 <sup>(4)</sup>	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. McEachem, \$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. McEachem, 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%.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
<b>Directors and Named Executive Officers</b>				
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 Coddling (9)	2,000	*	—	—
William D. Gould (4)	56,340	*	—	—
Edward L. Kane (5)	21,500	*	100	*
Andrzej J. Matyczynski (16)	50,880	*	—	—
Douglas J. McEachem (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	*	—	—
<b>5% or Greater Stockholders</b>				
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:

<u>Filer</u>	<u>Form</u>	<u>Transaction Date</u>	<u>Date of Filing</u>
Andrzej J. Matyczynski	4	December 31, 2015	Not filed <sup>(1)</sup>
Andrzej J. Matyczynski	4	December 31, 2014	Not filed <sup>(2)</sup>
Andrzej J. Matyczynski	4	December 31, 2013	Not filed <sup>(3)</sup>
Mark Cuban	4	November 11, 2015	Not filed <sup>(4)</sup>
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. <sup>(5)</sup>	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 <sup>(6)</sup>	July 16, 2015
James Cotter, Jr.	4	June 4, 2016 <sup>(7)</sup>	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.

<u>Filer</u>	<u>Form</u>	<u>Transaction Date</u>	<u>Date of Filing</u>
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.”

<u>Name</u>	<u>Age</u>	<u>Title</u>
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	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

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 determine 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:

<u>Name</u>	<u>2014 Base Salary</u> <u>(\$)</u>	<u>2015 Base Salary</u> <u>(\$)</u>
Ellen M. Cotter <sup>(1)</sup>	335,000	402,000
James Cotter, Jr. <sup>(2)</sup>	335,000	335,000 <sup>(3)</sup>

(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. Matczynski, 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 <sup>(1)</sup>	—	400,000 <sup>(2)</sup>
Andrzej J. Matyczynski <sup>(3)</sup>	309,000	324,000
William Ellis <sup>(4)</sup>	350,000 <sup>(5)</sup>	350,000
Robert F. Smerling	350,000	350,000
Wayne Smith	324,295 <sup>(6)</sup>	274,897 <sup>(6)</sup>

(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 <sup>(1)</sup>
James Cotter, Jr.	0
Robert F. Smerling	75,000
Wayne Smith	71,478 <sup>(2)</sup>

(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 affecting 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	Inland Real Estate Corp.
Associated Estates Realty Corp.	Kite Realty Group Trust
Carmike Cinemas Inc.	Marcus Corporation
Cedar Realty Trust Inc.	Pennsylvania Real Estate Investment Trust
Charter Hall Group	Ramco-Gershenson Properties Trust
EPR Properties	Urstadt Biddle Properties Inc.
Vicinity Centres	Village Roadshow Ltd.
IMAX Corporation	

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 1/3<sup>rd</sup> 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.

<u>Name</u>	<u>Title</u>	<u>2015 Base Salary</u>	<u>2016 Base Salary</u>
Ellen Cotter <sup>(1)</sup>	President and Chief Executive Officer	\$402,000	\$450,000
Dev Ghose <sup>(2)</sup>	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	400,000	400,000
Andrzej J. Matyczynski <sup>(3)</sup>	EVP-Global Operations	324,000	336,000
Robert F. Smerling	President, US Cinemas	350,000	375,000
Wayne Smith <sup>(4)</sup>	Managing Director, Australia and New Zealand	274,897 <sup>(4)</sup>	282,491 <sup>(4)</sup>

(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 above in 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. Matczynski, 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. Matczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matczynski). 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:

<u>Name</u>	<u>Title</u>	<u>Dollar Amount of Restricted Stock Units</u>	<u>Dollar Amount of Non- Statutory Stock Options<sup>o</sup></u>
Ellen M. Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Dev Ghose <sup>o</sup>	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Andrzej J. Matczynski	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 <sup>(a)</sup>	27,000 <sup>(a)</sup>

- (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 through 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.

<u>Officer</u>	<u>Annual Allowance (\$)</u>
Dev Ghose	12,000
William Ellis <sup>(1)</sup>	15,000
Andrzej J. Matyczynski	12,000
Ellen M. Cotter	13,800
James Cotter, Jr. <sup>(1)</sup>	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. Coddington, 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 Board or 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 Coddington

#### **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."

IN THE SUPREME COURT OF NEVADA

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

Petitioner,

v.

THE EIGHTH JUDICIAL DISTRICT  
COURT OF THE STATE OF  
NEVADA, IN AND FOR THE  
COUNTY OF CLARK, AND THE  
HONORABLE ELIZABETH  
GONZALEZ, DISTRICT JUDGE,  
DEPT. 11,

Respondents,

and

DOUGLAS MCEACHERN,  
EDWARD KANE, JUDY CODDING,  
WILLIAM GOULD, AND  
MICHAEL WROTONIAK,

Real Parties in Interest.

Electronically Filed  
Jan 02 2018 03:10 p.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

CASE NO.:

District Court Case No. A-15-719860-B

**PETITIONER'S APPENDIX TO  
PETITION FOR WRIT OF  
MANDAMUS**

**VOLUME III (PA500-750)**

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**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

**CHRONOLOGICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2015-10-22	First Amended Verified Complaint	I	PA1-50
2016-03-14	Answer to First Amended Complaint (filed by Ellen Cotter, Margaret Cotter, Douglas McEachern, Guy Adams, and Edward Kane)	I	PA51-72
2016-03-29	Reading International, Inc's Answer to James J. Cotter, Jr.'s First Amended Complaint	I	PA73-94
2016-04-05	Judy Coddington and Michael Wrotniak's Answer to First Amended Complaint	I	PA95-118
2016-09-02	Second Amended Verified Complaint	I	PA119-175
2016-09-23	Defendant William Gould's Motion for Summary Judgment	I, II, III, IV	PA176-1000
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	V, VI, VII	PA1001-1673
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 2) Re: The Issue of Director Independence	VIII	PA1674-1946
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer	VIII, IX	PA1947-2040
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff's Claims Related to the Executive Committee	IX	PA2041-2146

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 5) On Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO	IX, X	PA2147-2317
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	X, XI, XII	PA2318-2793
2016-10-13	Plaintiff James Cotter Jr.'s Opp'n to Defendant Gould's Motion for Summary Judgment	XII	PA2794-2830
2016-10-13	Plaintiff James J. Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 1) Re Plaintiff's Termination and Reinstatement Claims	XII	PA2831-2862
2016-10-13	Plaintiff James J. Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: the Issue of Director Independence	XII	PA2863-2890
2016-10-27	Transcript from Hearing on Motions, October 27, 2016	XII, XIII	PA2891-3045
2016-12-20	Reading International, Inc.'s Answer to Plaintiff's Second Amended Complaint	XIII	PA3046-3071

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-12-21	Order Regarding Defendants' Motion for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony	XIII	PA3072-3075
2016-12-22	Notice of Entry of Order (on Motions for Summary Judgment Nos. 1-6)	XIII	PA3076-3082
2016-10-26	1st Amended Order Setting Civil Jury Trial, Pre-Trial Conference, and Calendar Call	XIII	PA3083-3087
2017-11-09	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddling, Michael Wrotniak's Supplement to Motion for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6	XIII	PA3088-3138  (FILED UNDER SEAL)
2017-11-20	Transcript of Hearing on Motion for Evidentiary Hearing re James Cotter, Jr. Motion to Seal Exhibits 2, 3, and 5 and to James Cotter's Motion In Limine No. 1	XIII	PA3139-3158
2017-11-28	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddling, Michael Wrotniak's Answer To Plaintiff's Second Amended Complaint	XIII	PA3159-3188
2017-12-01	Request For Hearing On Defendant William Gould's Previously Filed Motion For Summary Judgment	XIII	PA3189-3204
2017-12-01	Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment	XIII	PA3205-3218



**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-04	Defendant William Gould's Supplemental Reply In Support of Motion for Summary Judgment	XIII	PA3219-3235
2017-12-08	Joint Pre-Trial Memorandum	XIV	PA3236-3267
2017-12-11	Transcript from Hearing on [Motions for Summary Judgment], Motions In Limine and Pre-Trial Conference, December 11, 2017	XIV	PA3268-3342
2017-12-19	Motion for Reconsideration or Clarification of Ruling on Motions for Summary Judgments Nos. 1, 2 and 3 and Gould's Summary Judgment Motion and Application for Order Shortening Time	XIV	PA3343-3459
2017-12-26	The Individual Defendants' Opposition To Plaintiff's Motion For Reconsideration Or Clarification Of Ruling On Motions For Summary Judgment Nos. 1, 2, and 3	XIV, XV	PA3460-3531
2017-12-27	Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3532-3536
2017-12-27	Declaration of Shoshana E. Bannett in Support of Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3537-3614
2017-12-28	Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3615-3621
2017-12-28	Motion [to] Stay and Application for Order Shortening Time	XV	PA3622-3630

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
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<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-28	Transcript of Hearing on Motion for Reconsideration and for Stay	XV	PA3631-3655
2017-12-28	Court Exhibit 1-Reading Int'l, Inc. Board of Directors Meeting Agenda	XV	PA3656 (ACCEPTED UNDER SEAL)
2017-12-29	Notice of Entry of Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3657-3667
2017-12-29	Mot. for Rule 54(b) Certification and Application for Order Shortening Time	XV	PA3668-3685

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

**ALPHABETICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-10-26	1st Amended Order Setting Civil Jury Trial, Pre-Trial Conference, and Calendar Call	XIII	PA3083-3087
2016-03-14	Answer to First Amended Complaint (filed by Ellen Cotter, Margaret Cotter, Douglas McEachern, Guy Adams, and Edward Kane)	I	PA51-72
2017-12-28	Court Exhibit 1-Reading Int'l, Inc. Board of Directors Meeting Agenda	XV	PA3656 <b>(ACCEPTED UNDER SEAL)</b>
2017-12-27	Declaration of Shoshana E. Bannett in Support of Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3537-3614
2016-09-23	Defendant William Gould's Motion for Summary Judgment	I, II, III, IV	PA176-1000
2017-12-04	Defendant William Gould's Supplemental Reply In Support of Motion for Summary Judgment	XIII	PA3219-3235
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**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

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2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	V, VI, VII	PA1001-1673
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 2) Re: The Issue of Director Independence	VIII	PA1674-1946

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer	VIII, IX	PA1947-2040
2017-12-08	Joint Pre-Trial Memorandum	XIV	PA3236-3267
2016-04-05	Judy Coddling and Michael Wrotniak's Answer to First Amended Complaint	I	PA95-118
2017-12-29	Mot. for Rule 54(b) Certification and Application for Order Shortening Time	XV	PA3668-3685
2017-12-28	Motion [to] Stay and Application for Order Shortening Time	XV	PA3622-3630
2017-12-19	Motion for Reconsideration or Clarification of Ruling on Motions for Summary Judgments Nos. 1, 2 and 3 and Gould's Summary Judgment Motion and Application for Order Shortening Time	XIV	PA3343-3459
2016-12-22	Notice of Entry of Order (on Motions for Summary Judgment Nos. 1-6)	XIII	PA3076-3082
2017-12-29	Notice of Entry of Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3657-3667
2017-12-27	Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3532-3536
2016-12-21	Order Regarding Defendants' Motion for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony	XIII	PA3072-3075

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PROHIBITION OR ALTERNATIVELY, MANDAMUS**

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2016-03-29	Reading International, Inc.'s Answer to James J. Cotter, Jr.'s First Amended Complaint	I	PA73-94
2017-12-01	Request For Hearing On Defendant William Gould's Previously Filed Motion For Summary Judgment	XIII	PA3189-3204
2016-09-02	Second Amended Verified Complaint	I	PA119-175
2017-12-01	Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment	XIII	PA3205-3218

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-26	The Individual Defendants' Opposition To Plaintiff's Motion For Reconsideration Or Clarification Of Ruling On Motions For Summary Judgment Nos. 1, 2, and 3	XIV, XV	PA3460-3531
2017-12-11	Transcript from Hearing on [Motions for Summary Judgment], Motions In Limine and Pre-Trial Conference, December 11, 2017	XIV	PA3268-3342
2016-10-27	Transcript from Hearing on Motions, October 27, 2016	XII, XIII	PA2891-3045
2017-11-20	Transcript of Hearing on Motion for Evidentiary Hearing re James Cotter, Jr. Motion to Seal Exhibits 2, 3, and 5 and to James Cotter's Motion In Limine No. 1	XIII	PA3139-3158
2017-12-28	Transcript of Hearing on Motion for Reconsideration and for Stay	XV	PA3631-3655

## CERTIFICATE OF SERVICE

I certify that I am an employee of MORRIS LAW GROUP; I am familiar with the firm's practice of collection and processing documents for mailing; that, in accordance therewith, I caused the following document to be deposited with the U.S. Postal Service at Las Vegas, Nevada, in a sealed envelope, with first class postage prepaid, on the date and to the addressee(s) shown below I hereby certify that on the 2nd day of January, 2018, a true and correct copy of the foregoing **PETITIONER'S APPENDIX TO PETITION FOR WRIT OF MANDAMUS, VOLUME III (PA500-750)** was served by the following method(s):

☒ United States Postal Service:

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Attorneys for Nominal Defendant  
Reading International, Inc.

Dated: January 2, 2018

**Courtesy Copy Hand  
Delivered**

To:

Judge Elizabeth Gonzalez  
Eighth Judicial District  
Court of Clark County,  
Nevada  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89101

By: /s/ PATRICIA FERRUGIA

# **EXHIBIT 26**

READING INTERNATIONAL INC filed this DEF 14A on 04/29/2013

[Outline](#)    [Back to Results Printer Friendly](#)

**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: \_\_\_\_\_



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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON THURSDAY, MAY 16, 2013**

**TO THE STOCKHOLDERS:**

The 2013 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California, on Thursday, May 16, 2013, at 11:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposed amendment to the Company's Amended and Restated Articles of Incorporation that would prohibit the Company, without stockholder approval or ratification, from issuing any class of preferred stock (or securities convertible into or exchangeable for shares of any class of preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges, or preferences of such class of preferred stock;
2. To elect nine directors to our Board of Directors to serve until the 2014 Annual Meeting of Stockholders; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is enclosed. Only holders of our class B voting common stock at the close of business on April 19, 2013 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors

James J. Cotter, Sr.  
Chairman

April 26, 2013

**PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN  
THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.**



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

**PROXY STATEMENT**

**Annual Meeting of Stockholders**  
**Thursday, May 16, 2013**

**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 2013 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 16, 2013, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, 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 April 26, 2013.

At our Annual Meeting, you will be asked to (1) consider and vote upon a proposed amendment to the Company's Amended and Restated Articles of Incorporation that would require the Company to obtain stockholder approval of any sale or issuance of any class of preferred stock (or securities convertible into or exchangeable for shares of any class of preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges, or preferences of such class of preferred stock (the "Proposed Amendment"); (2) elect nine directors to our Board of Directors to serve until the 2014 Annual Meeting of Stockholders and (3) 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 19, 2013, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,023,888 shares of our Class B Stock on the Record Date which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 16, 2013** – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2012 as filed with the Securities and Exchange Commission are available at our website, <http://www.readingrdi.com>, under "Investor Information."

**VOTING AND PROXIES*****Am I eligible to vote?***

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240.

***What if I own Class A Nonvoting Common Stock?***

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.

***How many votes do I have?***

You will have one vote with respect to each matter to be considered at the Annual Meeting for each share of Class B Stock that you owned on the Record Date.

***How do I vote in person?***

You may vote in person by attending the 2013 Annual Meeting. If you are not the record holder of your shares, please refer to the discussion following the question "What if I am not the record holder of my shares?"

***How do I vote by proxy?***

To vote by proxy, you should complete, sign, and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope.

To be able to vote your shares in accordance with your instructions, we must receive your proxy before the Annual Meeting. We will vote at the Annual Meeting in accordance with the instructions given to us in properly executed proxies. If you execute and return the enclosed proxy card without marking instructions, we will vote "FOR" each of the proposals described in this Proxy Statement. Although we do not know of any other matter to be acted upon at the Annual Meeting, the individuals indicated on your proxy card may vote in accordance with their judgment with respect to any other business that may properly come before the Annual Meeting.

***If I plan to attend the Annual Meeting, should I still submit a proxy?***

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

***What if I want to revoke my proxy?***

You have the right to revoke your proxy at any time before it is voted on your behalf by:

- submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;
- submitting a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting in person.

***What if I am not the record holder of my shares?***

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. You should receive a proxy card from your bank or broker which you must return in the envelope provided in order to have your shares voted.

If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

**Proxy Solicitation and Expenses**

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

**Quorum and Vote Required**

The presence in person or by proxy of the holders of a majority of our outstanding shares of Class B Stock will constitute a quorum at the Annual Meeting.

**As to the Proposed Amendment:**

Approval of the Proposed Amendment will require a "FOR" vote from the holders of a majority of our outstanding shares of Class B Stock.

You may vote "FOR," "AGAINST," OR "ABSTAIN" with respect to the Proposed Amendment. In tabulating the voting results, only the "FOR" votes are counted.

**As to the Election of Directors:**

In the election of directors, the nine nominees receiving the highest number of "FOR" votes will be elected.

In the election of directors, you may vote "FOR," "AGAINST," or "ABSTAIN" with respect to each of the nominees. If you abstain in the election of directors, it will not impact the election of directors. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted.

**As to Broker Non-Votes:**

If you are the beneficial owner of shares held in the name of a broker, trustee, or other nominee and do not provide that broker, trustee, or other nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

Brokers may not vote on the Proposed Amendment without approval of the beneficial owner of the shares held of record by the broker. Since the approval of the Proposed Amendment requires the "FOR" vote of a majority of our outstanding shares of Class B Stock, a broker non-vote will have the same effect as a vote "AGAINST" the Proposed Amendment. Please instruct your broker, trustee, or other nominee so that your shares can be voted as to the Proposed Amendment.

**PROPOSAL 1: PROPOSED AMENDMENT**

On March 7, 2013, our Board of Directors unanimously approved, and recommended that our stockholders approve, an amendment to the Amended and Restated Articles of Incorporation of the Company. The text of the Proposed Amendment is set forth as Annex A to this Proxy Statement. The Proposed Amendment was considered at the request of Mr. James J. Cotter, Sr., our Chairman, Chief Executive Officer and the holder as of the Record Date of over 70% of our outstanding Class B Stock. See "Beneficial Ownership Table" below.

The Proposed Amendment would require that our Company obtain the approval of the holders of a majority of our outstanding Class B Stock before selling or issuing any shares of our Company's preferred stock (or securities convertible into or exchangeable for shares of any preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges or preferences of such class of preferred stock. Adoption of the Proposed Amendment would mean that it would thereafter be highly unlikely that the Company's Board of Directors would be able to authorize a transaction involving the sale or issuance of preferred stock that could cause a change of control of our Company without the approval of the holders of our Class B Stock.

In 2003, our stockholders approved a similar amendment to our Articles of Incorporation to prohibit the Company from issuing, without the approval or ratification of the holders of a majority of the outstanding shares of Class B Stock, shares of Class B Stock equal to 5% or more of the outstanding shares of Class B Stock. The 2003 amendment was modeled on American Stock Exchange and NASDAQ requirements that listed companies such as the Company obtain stockholder approval as a prerequisite to the listing of additional shares to be sold or issued in transactions that would result in dilution of 20% or more to existing stockholders. The purpose of the 2003 amendment was to prevent our Board of Directors from issuing Class B Stock in an amount that could cause a change of control of our Company, except with the approval of the holders of a majority of our outstanding shares of Class B Stock.

Our directors believe that the Proposed Amendment is consistent with the intentions of our Company's stockholders in approving in the 2003 amendment and with fundamental notions of corporate governance that a board of directors should not have the power to unilaterally change the voting control of the company they serve, as well as the philosophy of the stock exchange listing standards referred to above. Unless the Proposed Amendment is adopted, the provisions of our Amended and Restated Articles of Incorporation with respect to the issuance of preferred stock will be inconsistent with the limitations imposed on the issuance of Class B Stock and could be used to circumvent these limitations. Therefore, the Proposed Amendment would conform the provisions of our Amended and Restated Articles as they relate to our preferred stock and our Class B Stock.

The Board believes that the adoption of the Proposed Amendment is also consistent with current stockholder and market expectations that James J. Cotter, Sr.'s control position will not be materially diluted without his approval as long as he owns a majority of our outstanding Class B Stock. The Proposed Amendment may have the effect of discouraging potential acquirers of the Company, because it will not be possible for a bidder to acquire the Company without the approval of the holders of Class B Stock, including Mr. Cotter, Sr. but the Board believes that that the amendment will assist in negotiating with potential purchasers of our preferred stock by, in effect, removing the voting issue from consideration. The Company knows of no current or anticipated bid for the Company by a potential acquirer.

In light of Mr. Cotter, Sr.'s ownership of Class B Stock, at present it is unlikely that the Board could bring about a change of control of the Company without Mr. Cotter's approval given the existing stockholder approval requirements imposed by the stock exchange listing standards referred to above. However, the Proposed Amendment will virtually eliminate such a possibility. In this respect, Mr. Cotter, Sr. may be deemed to have an interest in the adoption of the Proposed Amendment that differs from that of the Company's other stockholders.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ADOPTION OF THE PROPOSED AMENDMENT. Mr. Cotter has advised our Company that he intends to vote his Class B Stock in accordance with such recommendation. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the adoption of the Proposed Amendment.

## PROPOSAL 2: 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 2014 or until their successors are 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 of Directors 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 of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for director, together with certain information regarding them, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
James J. Cotter, Sr.	75	Chairman of the Board and Chief Executive Officer (1)
James J. Cotter, Jr.	43	Vice Chairman of the Board(2)
Ellen M. Cotter	47	Director
Margaret Cotter	45	Director
William D. Gould	74	Director (3)
Edward L. Kane	75	Director (1)(2)(4)(5)
Douglas J. McEachern	61	Director (4)
Tim Storey	55	Director (4)(5)
Alfred Villaseñor	83	Director (1)(5)

- (1) Member of the Executive Committee.
- (2) Member of the Tax Oversight Committee.
- (3) Lead Independent Director.
- (4) Member of the Audit and Conflicts Committee.
- (5) Member of the Compensation Committee.

#### *James J. Cotter, Sr.*

James J. Cotter, Sr. has been a director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his interests are generally aligned with those of the other stockholders of the Company, which enhances his value as a director. In those situations where there may be a conflict of interest, such matters are referred to our Audit and Conflicts Committee comprised entirely of independent directors.

*James J. Cotter, Jr.*

James J. Cotter, Jr. has been a director of the Company since March 21, 2002, and was appointed Vice Chairman of the Board in 2007. He has been Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) since July 2004. Mr. Cotter, Jr. served as a director to 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, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the son of James J. Cotter, Sr. and the brother of Margaret Cotter and Ellen M. Cotter.

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney. In addition, with his direct ownership of approximately 671,000 shares of our Company's Class A Common Stock, Mr. Cotter, Jr. is a significant stake holder in our Company. Mr. Cotter Jr. also holds options to acquire an additional 22,500 shares of Class A Common Stock.

*Ellen M. Cotter*

Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate 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 Manhattan. Ms. Cotter is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the Board her 15 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 12 years, she has served as the senior operating officer of our Company's domestic cinema operations. 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. With her direct ownership of approximately 652,000 shares of Class A Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 95,000 shares of Class A Common Stock and 50,000 shares of Class B Voting Common Stock.

Ms. Cotter is a senior executive officer of our Company and, accordingly, will not be paid for her services as a director, but has been granted the 20,000 stock options customarily granted to all new directors.

*Margaret Cotter*

Margaret Cotter has been a director of the Company since September 27, 2002. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, the subsidiary through which we own our live theaters. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. From February 1994 until October 1997, Ms. Cotter was an Assistant District Attorney for King's County in Brooklyn, New York. Ms. Cotter graduated of Georgetown University and Georgetown University Law Center. She is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the Board her experience as a live theater producer and theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. In addition, with her direct ownership of approximately 655,000 shares of our Company's Class A Common Stock, Ms. Cotter is a significant stake holder in our Company. Ms Cotter also holds options to acquire an additional 22,500 shares of Class A Common Stock and 35,100 shares of Class B Voting Common Stock.

*William D. Gould*

William D. Gould has been a director of the Company since October 15, 2004 and 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.

As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the Board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our Board to provide oversight in such matters.

*Edward L. Kane*

Edward L. Kane has been a director of the Company since October 15, 2004. Mr. Kane was also a director of the Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chairman of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he 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.

Mr. Kane brings to the Board his many years as a tax attorney and law professor. Mr. Kane's tax law experience has served the Company in its recent tax litigation and his expertise and guidance in such complex matters continue to be invaluable to the Company. 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 a former member of the boards of directors of several publicly held corporations.

*Douglas J. McEachern*

Douglas J. McEachern has been a Director of the Company since May 17, 2012 and Chairman of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the Board of Directors and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also a member of the Board of Directors of Community Bank in Pasadena, California and a member of its Ethics, Finance, Investment and Audit Committees. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia and Arcadia Public Library Foundation. Since July 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College and of accounting at California State Polytechnic University at Pomona. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, 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, 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. McEachem brings to the Board his more than 36 years experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachem 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.

#### *Tim Storey*

Tim Storey has been a director of the Company since December 28, 2011. Mr. Storey has served as the sole outside director of the Company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chairman of the Board of that company on July 1, 2009. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, also a New Zealand listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chairman of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities. Prolex Advisory provides consulting services primarily with respect to fund management and commercial property/project transactions across a range of industries including health care, community housing, student accommodations and agriculture.

Mr. Storey brings to the board many years of experience in New Zealand corporate law and commercial real estate matters. He serves as a director of our New Zealand subsidiary.

#### *Alfred Villaseñor*

Alfred Villaseñor has been a director of the Company since 1987. He also served from 1987 to 1994 as a director of Fidelity Federal Bank, FSB, then a wholly owned subsidiary of our Company. Mr. Villaseñor is the President and owner of Unisure Insurance Services, Incorporated, an insurance agency that has specialized in life, business and group health insurance for over 40 years. Mr. Villaseñor was a director of the John Gogian Family Foundation, a charitable foundation devoted to developmentally disabled, abused, or neglected youth, and currently serves as a member of its Scholarship Committee. Mr. Villaseñor is a past president and is currently a director of Richstone Family Centers, a non-profit organization helping abused children.

Mr. Villaseñor brings to the Board his decades of experience in the insurance industry.

#### **Attendance at Board and Committee Meetings**

During the year ended December 31, 2012, our Board of Directors met six times. The Audit and Conflicts Committee held five meetings during 2012 and the Compensation Committee held three meetings during 2012. 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. The Tax Oversight Committee was formed in 2013 and, accordingly, had no meetings in 2012.

#### **Code of Ethics**

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees, which is available on our website at [www.readingrdi.com](http://www.readingrdi.com).

### 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 2012, all of our directors, except James J. Cotter, Sr., received an annual fee of \$35,000 for their services, including attendance at meetings of the Board and Board committees. James J. Cotter, Jr. received an additional \$100,000 for his services as our Vice Chairman of the Board in 2012. For 2012, the Chairman of our Audit and Conflicts Committee received an additional \$7,000, and the Chairman of our Compensation Committee received an additional \$5,000.

In addition, upon joining the Board, new directors receive immediately vested 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. Our directors are from time to time granted additional stock options as a part of their continuing compensation for their ongoing participation on our Board of Directors. These awards are based upon the recommendations of our Chairman and principal shareholder, James J. Cotter, Sr., which recommendations are reviewed and acted upon by our entire Board of Directors. Typically, in such cases, each sitting director (other than Mr. Cotter, Sr., who does not participate in such awards) is awarded the same number of options, and such options are granted on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration. Such awards have in each case been recommended by Mr. Cotter, Sr. to our Compensation Committee for the committee's consideration.

### Director Compensation Table

The following table summarizes the director compensation for the year ended December 31, 2012:

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
James J. Cotter, Sr. (1)	\$ —	\$ —	\$ —	\$ —
Eric Barr (2)	\$ 10,500	\$ —	\$ —	\$ 10,500
James J. Cotter, Jr. (3)	\$ 135,000	\$ —	\$ —	\$ 135,000
Ellen M. Cotter	\$ —	\$ —	\$ —	\$ —
Margaret Cotter (4)	\$ 35,000	\$ —	\$ —	\$ 35,000
William D. Gould	\$ 35,000	\$ —	\$ —	\$ 35,000
Edward L. Kane	\$ 40,000	\$ —	\$ —	\$ 40,000
Gerard P. Laheney (5)	\$ 8,750	\$ —	\$ —	\$ 8,750
Douglas J. McEachern	\$ 31,500	\$ —	\$ —	\$ 31,500
Tim Storey	\$ 35,000	\$ —	\$ 20,000 (6)	\$ 55,000
Alfred Villaseñor	\$ 40,000	\$ —	\$ —	\$ 40,000

(1) Mr. Cotter, Sr. and Ms. Ellen Cotter receive compensation only as executive officers of the Company and not in their capacities as directors.

- (2) Mr. Barr's term as a director ended on May 17, 2012, the date of our 2012 Annual Meeting of Stockholders.
- (3) In addition to his responsibilities as Vice Chairman of the Board, Mr. James J. Cotter, Jr. works with the Company's Executive Officers on operational and strategic matters of the Company and chairs the Domestic and Australia/New Zealand Senior Executive Management meetings, typically held on a weekly basis and serves as a member of the Tax Oversight Committee.
- (4) In addition to her director's fees, Margaret Cotter receives 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.
- (5) Mr. Laheney's term as a director ended on May 17, 2012, the date of our 2012 Annual Meeting of Stockholders.
- (6) This amount represents fees paid to Mr. Storey as the sole independent director of our Company's wholly-owned New Zealand subsidiary.

#### **Board Committees and Corporate Governance**

Our Board of Directors has standing Executive, Audit and Conflicts, Compensation, and Tax Oversight Committees. These committees are discussed in greater detail below.

James J. Cotter, Sr. owns beneficially a majority of our Class B Stock and accordingly holds more than 50% of the voting power for the election of directors of the Company. Therefore, our Board of Directors, has determined that our Company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our Board of Directors in 2009 unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our Company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to Mr. Cotter, Sr. as our controlling stockholder, in order to be elected. Mr. Cotter, Sr., as the holder of a majority of the voting power of our Company, is able to unilaterally elect candidates to our Board of Directors at our annual meeting or any other meeting where our directors are to be elected or remove a Director from the Board of Directors. Historically, Mr. Cotter, Sr. has identified and recommended nominees to our Board of Directors in consultation with our other incumbent directors.

Our Board of Directors does not have a formal policy with respect to the consideration of director candidates recommended by our stockholders. No stockholder has, in more than the past ten years, made any proposal or recommendation to the Board as to potential nominees, nor has Mr. Cotter, Sr. ever proposed, in the time he has been our principal or controlling stockholder, any nominee that our remaining directors have found to be unacceptable. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board of Directors directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ 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 of Directors believes there is no need for a formal policy with respect to director nominations.

Our Board of Directors 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 immediately preceding annual meeting of our stockholders at which directors are elected, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved forward. 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 of Directors.

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 of Directors, other than the need to have at least one director and member of our Audit and Conflicts 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.

Six of the current nominees are long-standing incumbent directors, and all nine nominees were originally recommended by Mr. Cotter, Sr. No other recommendations were received by us with respect to possible nominees to our Board of Director for consideration at our upcoming Annual Meeting of Stockholders.

James J. Cotter, Sr., serves as our Chief Executive Officer and as Chairman of the Board of Directors. We believe this leadership structure is appropriate because it is more efficient than having these roles divided, and, because the first-hand knowledge of our business operations that our Chairman possesses as Chief Executive Officer, better serves our entire Board in its decision making. In lieu of separating the Chief Executive Officer and Chairman functions, the Board has designated William D. Gould to serve as our Lead Independent Director, to chair meetings of the independent directors, and to act as liaison between our Chairman and our independent directors.

Our Board of Directors oversees risk by remaining well-informed through regular meetings with management and our Chairman's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Vice-Chairman 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 of Directors is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent directors.

We encourage, but do not require, our Board members to attend our annual meeting of stockholders. Six of our eight then-incumbent directors attended last year's annual meeting.

#### ***Executive Committee***

A standing Executive Committee, comprised of Mr. Cotter, Sr., Mr. Kane and Mr. Villaseñor, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full Board of Directors. In recent years, this committee has not been used to take any action on corporate matters. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation Committee, all matters requiring Board approval have been considered by the entire Board of Directors.

#### ***Audit and Conflicts Committee***

Our Board of Directors maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by the Board of Directors, and is available on our website at [www.readingrdi.com](http://www.readingrdi.com). Our Board of Directors has determined that the Audit Committee is comprised entirely of independent directors, (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chairman of our Audit Committee, is qualified as an Audit Committee Financial Expert. With respect to our fiscal year ended December 31, 2012, our Audit and Conflicts Committee was comprised of Messrs. McEachern, Kane, and Storey.

Until May 17, 2012, Messrs Barr and Laheney served as members of the Audit Committee (and were likewise independent as determined by our Board of Directors), until they were succeeded by Messrs. McEachern and Storey.

**Audit Committee Report**

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2012.

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 of Directors. 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 Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" and PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an 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 of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2012 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 of Directors, 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, Chairman  
Edward L. Kane  
Tim Storey



**Compensation Committee**

Our Board of Directors has a standing Compensation Committee comprised entirely of independent directors. The members of this committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman.

The Compensation Committee evaluates and makes recommendations to the full Board of Directors regarding the compensation of our Chief Executive Officer, James J. Cotter, Sr. and of any Cotter family member, provides from time to time advice to James J. Cotter, Sr. regarding the compensation of other executives, as requested by Mr. Cotter, Sr., and performs other compensation related functions as delegated. The Compensation Committee Report is shown below under the heading, "Compensation Committee Report."

**Tax Oversight Committee**

Due to the complexity of our Company's tax issues, given its operations in the United States, Australia, and New Zealand and its historic net operating loss carry forwards, during March 2013, our Board formed a Tax Oversight Committee to review with management and to keep the board abreast of and informed about the Company's tax planning and such tax issues as may emerge from time to time. This committee is comprised of Messrs. Edward L. Kane and James J. Cotter, Jr. Mr. Kane serves as the Chairman of the committee.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors. Mr. Cotter, Sr. has advised us that he intends to vote his shares of Class B Stock in favor of each of our nominees. Since Mr. Cotter, Sr. owned a majority of the outstanding shares of Class B Stock on the Record Date, if he votes all of his shares as he has advised, each of the nominees will be elected regardless of the vote of our other stockholders.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

**BENEFICIAL OWNERSHIP OF SECURITIES**

The following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on the Record Date by:

- each of our incumbent directors and director nominees;
- each of our 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 executive officers as a group.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
James J. Cotter, Sr. (2)	2,944,755	13.5%	1,123,888	70.4%
James J. Cotter, Jr. (3)	693,232	3.2%	—	—
Ellen M. Cotter (4)	746,902	3.4%	50,000	3.2%
Margaret Cotter (5)	677,870	3.1%	35,100	2.3%
William D. Gould (6)	79,840	*	—	—
Edward L. Kane (6)	60,000	*	100	*
Douglas J. McEachem (7)	22,000	*	—	—
Tim Storey (7)	20,000	*	—	—
Alfred Villaseñor (8)	29,300	*	—	—
John Hunter	—	*	—	—
Andrzej Matyczynski (9)	60,551	*	—	—
Robert F. Smerling (10)	43,750	*	—	—
Mark Cuban (11) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.9%
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (12) 875 Prospect Street, Suite 301 La Jolla, California 92037	N/A	N/A	97,500	6.52%
All Directors and Executive Officers as a Group (12 persons)(13)	5,378,200	24.1%	1,209,088	71.9%

(1)Percentage ownership is determined based on 21,805,665 shares of Class A Stock and 1,495,490 shares of Class B Stock outstanding on the Record Date. Beneficial ownership is determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of the Record 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. An asterisk (\*) denotes beneficial ownership of less than 1%.

(2)The Class B Stock shown includes 100,000 shares subject to stock options and 1,023,888 shares owned by the James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee. The shares of Class A Stock shown include 1,447,287 shares owned by the James J. Cotter Living Trust, 29,730 shares held in a pension fund in Mr. Cotter, Sr.'s name, 1,000,000 shares held by Cotter Enterprises, LLC, of which Mr. Cotter, Sr. is the sole voting member, 291,390 shares held by a trust for Mr. Cotter, Sr.'s grandchildren, of which Mr. Cotter, Sr. is the trustee, and 176,350 held by the James J. Cotter Foundation, of which Mr. Cotter, Sr. is the trustee. Mr. Cotter, Sr. has no pecuniary interest in the shares held by his grandchildren's trust or the James J. Cotter Foundation. Mr. Cotter, Sr.'s pecuniary interest in the shares held by Cotter Enterprises, LLC is limited to 10,000 of the shares held by Cotter Enterprises, LLC, representing his 1% interest in that entity. The Cotter 2005 Children's Trust U/D/T dated December 31, 2005 (the "Cotter Children's Trust") holds a 99% non-voting interest in Cotter Enterprises, LLC.

- (3)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC.
- (4)The Class A Stock shown includes 95,000 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown represents 50,000 shares subject to stock options.
- (5)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown represents 35,100 shares subject to stock options.
- (6)Includes 42,500 shares subject to stock options.
- (7)Includes 20,000 shares subject to stock options.
- (8)Includes 22,500 shares subject to stock options.
- (9)Includes 35,100 shares subject to stock options.
- (10)Includes 43,750 shares subject to stock options.
- (11)Based on Mr. Cuban's Form 4 filed on July 18, 2011 and Schedule 13-G filed on February 14, 2012.
- (12)Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13-G filed on February 15, 2011.
- (13)The Class A Stock shown includes 634,240 shares subject to stock options and the Class B Stock shown includes 185,100 shares subject to stock options.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than 10% of either class of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The SEC rules also require such reporting persons to furnish us with a copy of all Section 16(a) forms they file.

Based solely on a review of the copies of the forms we have received and on written representations from certain reporting persons, during 2012, the following Section 16(a) filings were filed late:

<u>Filer</u>	<u>Date of Transaction</u>	<u>Shares Acquired (A) / Disposed (D)</u>	<u>Class of Stock</u>	<u>Form</u>	<u>Date Filed</u>
James J. Cotter, Sr.	11/15/2012	1,255,752 (D)	A	4	3/8/2013
James J. Cotter, Sr.	12/14/2012	27,000 (D)	A	4	3/8/2013
James J. Cotter, Sr.	12/18/2012	25,000 (D)	A	4	3/8/2013

Each of the above dispositions was a gift made by James J. Cotter, Sr.

#### EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than James J. Cotter, Sr. and Ellen M. Cotter both of whose information is set forth above under "Proposal 1: Election of Directors -- Nominees for Election."

<u>Name</u>	<u>Age</u>	<u>Title</u>
John Hunter	54	Chief Operating Officer
Andrzej Matyczynski	60	Chief Financial Officer and Treasurer
Robert F. Smerling	78	President - Domestic Cinemas

John Hunter has served as our Chief Operating Officer since February 2007. He is also the President of our Australia and New Zealand subsidiaries. Mr. Hunter has spent more than the past twenty years in senior management positions in cinema operations and real estate development, including positions with Landmark Theatres, Loews Theatres, and Pacific Theatres. Immediately prior to joining the Company, he was the Chief Operating Officer and Chief Financial Officer for Hollywood Theatres.

Andrzej Matyczynski has served as our Chief Financial Officer and Treasurer of our Company since November 1999. Mr. Matyczynski earned a Masters Degree in Business Administration from the University of Southern California.

Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 56 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

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

The Board of Directors of our Company has established a standing Compensation Committee, which we refer to in this section as the "Committee," consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the general authority delegated to the Committee by our Board of Directors.

The Compensation Committee recommends to the full Board of Directors the compensation of our Chief Executive Officer and of any Cotter family members. Our Board of Directors, with directors James J. Cotter, Sr., Ellen M. Cotter, Margaret Cotter, and James J. Cotter, Jr. abstaining, determine whether to accept the recommendation of the Compensation Committee or to take other action. James J. Cotter, Sr., as our Chairman and Chief Executive Officer, has been delegated responsibility by our Board to determine the compensation of our executive officers other than Cotter family members. James J. Cotter, Sr., may, in his discretion, seek the advice of the Compensation Committee on matters related to the compensation of other named executive officers. The Board of Directors exercises oversight in this area as a part of its review of James J. Cotter, Sr.'s performance as our Company's Chief Executive Officer, and performs other compensation related functions as delegated.

Throughout this proxy section, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

#### ***CEO Compensation***

The Compensation Committee recommends to the Board of Directors the annual compensation of our Chief Executive Officer. Our Chief Executive Officer's executive compensation program is based primarily upon the Compensation Committee's annual review of peer group practices, advice of an independent third-party compensation consultant who reports directly to the Compensation Committee, and consistently applied practices with respect to the timing of equity grants. Consistent with the above program, the Compensation

Committee has determined that a three element approach is best suited to achieve our goals with respect to Chief Executive Officer compensation. The objective of each element is to reward Mr. Cotter, Sr. for his performance and leadership. The three elements are a fixed compensation component, a discretionary bonus component, and a stock grant component.

In 2012 and 2011, the Compensation Committee engaged Towers Watson, executive compensation consultants, to evaluate our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analyses, Towers Watson, in consultation with our management, including Mr. 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. The Committee relied upon the Towers Watson analysis in determining our Chief Executive Officer's compensation for 2012 and 2013.

In 2007, our Board of Directors approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr., supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. The SERP is described in greater detail below under the caption "Supplemental Executive Retirement Plan." As this plan was adopted as a reward for past services and as the amounts to be paid under that plan are determined by application of an already agreed to formula, the Compensation Committee does not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect an actuarial analysis of any increase in the present value of the SERP benefit and reflects the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the plan is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the plan are tied only to the cash portion of his compensation, and not to compensation in the form of stock options or stock grants.

#### *2012 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2012 compensation, the 2011 Towers Watson analysis included a written assessment of Mr. Cotter Sr.'s total direct compensation compared to the following peer group of 19 exhibition and real estate companies in the United States and Australia (to reflect the scope of our Company's geographic operations:

Acadia Realty Trust	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Bluegreen Corp.	Pennsylvania Real Estate Investment Trust
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

Towers Watson determined predicted pay levels of the peer group for 2011 using regression analysis to adjust pay data based on estimated annual revenues of \$250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s total direct compensation for 2011 was below the competitive range of the 66<sup>th</sup> percentile among the peer companies.

After considering the consultants' analysis, the Committee recommended and our Board of Directors accepted the following compensation for our Chief Executive Officer for 2012.

Salary..... \$700,000.

Cash Bonus..... \$500,000. At the beginning of 2012, the Compensation Committee recommended and the Board accepted a discretionary cash bonus element of up to \$500,000 for such year. No benchmarks, formulas, or quantitative or qualitative measurements of any kind were established for purposes of determining the amount of cash bonus to be awarded within this range. The Compensation Committee ultimately recommended, and the Board of Directors accepted, payment of a cash bonus of \$500,000, based solely on the Compensation Committee's subjective evaluation of our Chief Executive Officer's performance. Based on the Compensation Committee's evaluation, our Company's stock price improvement during 2012 and our Company's achievements in the United States, Australia and New Zealand, our Chief Executive Officer was ultimately awarded the maximum discretionary bonus for 2012.

Stock Bonus..... \$950,000 (217,890 shares of Class A Stock) which was calculated as the number of shares of Class A nonvoting common stock equal to \$950,000 divided by the closing price of the stock January 9, 2012, the date the Committee approved the stock bonus element of Mr. Cotter, Sr.'s 2012 compensation package. At the beginning of 2012, the Compensation Committee recommended, and the Board accepted, a stock bonus element of up to \$950,000, to be comprised of two tranches: a \$750,000 tranche to be paid to our Chief Executive Officer unless his employment was terminated prior to December 31, 2012, for any reason other than his death or disability, and a \$200,000 tranche to be paid if the total stockholder return of the Company for 2012 was equal to or greater than the average stockholder return of the companies comprising the peer group selected by Towers Watson. Since Mr. Cotter, Sr. was employed as our Chief Executive Officer on December 31, 2012 (the sole criteria for an award to the stock bonus element of his compensation) and since the target for the second tranche was also met, he received 217,890 shares of Class A Stock in satisfaction of the stock bonus element of his compensation. The shares issued pursuant to this stock bonus are subject to a five-year restriction on transfer.

#### *2013 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2013 Compensation, Towers Watson in December 2012 provided the Committee an updated written assessment of Mr. Cotter Sr.'s total direct compensation compared to the same peer group of 19 companies used in the 2011 Towers Watson analysis.

As in 2011, Towers Watson determined predicted pay levels of the peer group for 2012 using regression analysis to adjust pay data based on estimated annual revenues of \$250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s overall compensation was in line with the 66<sup>th</sup> percentile among the peer companies.

Based on the above 2012 Towers Watson analysis, the Compensation Committee recommended to the Board and the Board accepted the following compensation program for our Chief Executive Officer for 2013.

Salary.....	\$750,000
Cash Bonus.....	Up to \$500,000. No benchmarks, formulas or quantitative or qualitative measurements of any kind were specified for use in determining the amount of cash bonus to be awarded within this range. The Compensation Committee will recommend to the Board the amount of the cash bonus, within such range, at its discretion and based solely on its subjective evaluation of our Chief Executive Officer's performance. Based on past practice, the Company considers it likely that the full amount of the discretionary cash bonus will be awarded to Mr. Cotter, Sr. for 2013. The Compensation Committee reserve the right to increase the \$500,000 discretionary cash bonus award based upon parameters to be discussed with Mr. Cotter, Sr. and based upon the progress of our proposed developments in New York City, currently proceeding under Mr. Cotter, Sr.'s direction.
Stock Bonus.....	\$750,000 (127,209 shares of Class A Stock). So long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2013, other than as a result of his death or disability, he will receive 127,209 shares of our Company's Class A Stock: the number of shares of Class A nonvoting common stock equal to \$750,000 divided by the closing price of the stock January 15, 2013, the date the Committee approved the stock bonus element of Mr. Cotter, Sr.'s 2013 compensation package. These shares (if issued) will be subject to a five year restriction on transfer.

The Company paid Towers Watson a fee of \$24,000 for its services in preparing the 2012 analysis.

None of our executive officers plays a role in determining the compensation of our Chief Executive Officer. When invited by the Compensation Committee, Mr. Cotter, Sr. attends meetings of the Compensation Committee. In 2012, he attended one meeting to discuss the amount of his target cash bonus set by the Committee for 2012. Before recommending any changes to our Chief Executive Officer's compensation, the Compensation Committee typically discusses the proposed changes with Mr. Cotter, Sr. Andrzej Matyczynski, our Chief Financial Officer, occasionally attends Compensation Committee meetings to provide information as requested by the Committee.

#### ***Compensation of Other Named Executive Officers***

Mr. Cotter Sr., our Chairman and Chief Executive Officer, sets the compensation of our executive officers other than himself and the members of his family. Mr. Cotter, Sr.'s decisions are not subject to approval by the Compensation Committee or the Board of Directors, but our Compensation Committee and our Board consider Mr. Cotter, Sr.'s decisions with respect to Executive Compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. has informed the Company that he does not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor does he consult with compensation consultants on the matter. Mr. Cotter, Sr. has advised the Company that he considers 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 of Directors.

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 are just two factors considered by Mr. Cotter, Sr. in establishing base salaries and awarding discretionary compensation. We have 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 2012, a majority of total compensation to our named executive officers was 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 are discussed further below.

Salary..... Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors that may be considered by Mr. Cotter, Sr. in setting the base salaries include (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 other named executive officers and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus..... Cash bonuses may supplement the base salaries of our named executive officers and are entirely discretionary on the part of Mr. Cotter, Sr. Factors that may be considered by Mr. Cotter, Sr. in awarding cash bonuses are (i) the level of the executive's responsibilities; (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision; and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus..... 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 set by our 2010 Stock Incentive Plan, are 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 Capital 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.



John Hunter, our Chief Operating Officer, and Andrzej Matyczynski, our Chief Financial Officer, have written employment agreements with our Company that each provide for a specified annual base salary and other compensation.

Other than Mr. Cotter, Sr.'s role in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

In 2012, our Compensation Committee also considered the compensation of Ellen M. Cotter (under our policy under which the compensation of named executive officers who are members of the Cotter family is determined by the Compensation Committee), whose salary had not been changed in four years. The Committee considered Ms. Cotter's performance, particularly her role in the growth in domestic theatre revenues over the past four years, and the compensation of comparable executive officers. Our Compensation Committee recommended, and the Board accepted, a \$60,000 increase in Ms. Cotter's base salary from \$275,000 to \$335,000 and a cash bonus of \$60,000, which was paid in August 2012.

#### ***Key Person Insurance***

Our Company maintains key person life insurance on certain individuals who we believe to be key to our management. These individuals include certain of our current employees, directors and independent contractors. If such individual ceases to be an employee, director or independent contractor of our Company, as the case may be, he or she 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 our Company is the beneficiary and the insurance as to which our employee is the beneficiary has been paid by our Company. In the case of named executive officers the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

#### ***Retirement Benefits***

##### ***Reading International, Inc. 401(k) Plan***

We provide all of our employees, including Mr. Cotter, Sr. and our other named executive officers, a retirement savings plan qualified under Internal Revenue Code section 401(k). To be eligible to participate, employees must have completed four months of employment, and must be over 21 years of age. Employees choosing to participate can make contributions to their plan account on a pre-tax basis up to the maximum annual amount permitted by IRS rulings. The Company usually matches employee contributions dollar-for-dollar up to 3% of employee wages, then 50 cents per dollar between 3% and 5% of employee wages.

##### ***Supplemental Executive Retirement Plan***

In March 2007, our Board of Directors approved a Supplemental Executive Retirement Plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. will be entitled to receive from our Company for the remainder of his life (with a guaranteed minimum of 180 monthly payments) a monthly payment of the greater of (i) 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us or (ii) \$25,000. The beneficiaries under the SERP may be designated by Mr. Cotter, Sr. or by his beneficiary following his death. The benefits under the SERP are fully vested.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our Company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

#### *Other Retirement Plans*

Mr. Hunter has an unfunded pension benefit that was partially vested and will vest further, assuming he remains in our continuous employ, as of the following dates:

<b>February 12</b>	<b>Total Vested Amount at the End of Each Vesting Year</b>
2011	\$ 400,000
2015	\$ 800,000
2017	\$ 1,000,000
2020	\$ 2,000,000

The greatest vested amount above is to be paid to Mr. Hunter in a lump sum on the date he ceases to be employed by our Company.

During 2012, Mr. Matyczynski was granted an unfunded deferred compensation plan ("DCP") that is partially vested and will vest further, assuming he remains in our continuous employ. If Mr. Matyczynski is terminated for cause, then the total vested amount reduces to zero. The incremental amount vested each year is subject to review and approval by our Board of Directors (with the concurrence of our Chairman). Assuming no changes in the incremental vesting amount by our Board of Directors, Mr. Matyczynski's DCP will vest as follows:

<b>December 31</b>	<b>Total Vested Amount at the End of Each Vesting Year</b>
2012	\$ 250,000
2013	\$ 300,000
2014	\$ 375,000
2015	\$ 450,000
2016	\$ 525,000
2017	\$ 625,000
2018	\$ 750,000
2019	\$ 1,000,000

Payment of the vested benefit is to be made in three equal annual payments, starting six months after he ceases to be employed by our Company.

We currently maintain no other retirement plan for our named executive officers.

#### *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. The Compensation Committee and our Board of Directors 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 as in the case of Mr. Cotter, Sr.

#### *Nonqualified Deferred Compensation*

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

#### *Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

#### *Say on Pay and Say When Pay*

At our Company's Annual Meeting of Stockholders held on May 19, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. Our stockholders voted in favor of our Company's executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. Accordingly, the next advisory vote on executive compensation will occur at the Annual Meeting of Stockholders to be held in 2014. The Committee reviewed the results of the advisory vote on executive compensation in 2012 and did not make any changes to our compensation based on the results of the vote.

#### ***Compensation Committee Report***

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 of Directors that the foregoing "Compensation Discussion and Analysis" be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chairman  
Tim Storey  
Alfred Villaseñor

**Summary Compensation Table**

The following table presents summary information concerning all compensation payable to our named executive officers for services rendered in all capacities during the past three completed fiscal years:

						Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Earnings (\$)	(\$)	(\$)
James J. Cotter, Sr. Chairman of the Board and Chief Executive Officer	2012	700,000	500,000	950,000 (1)	--	2,433,000 (2)	24,000 (3)	4,607,000
	2011	500,000	500,000	750,000	--	--	25,000 (4)	1,775,000
	2010	500,000	300,000	750,000	--	391,000 (2)	32,000 (4)	1,973,000
Andrzej Matczynski Chief Financial Officer and Treasurer	2012	309,000	--	--	33,000	250,000 (5)	25,000 (4)	617,000
	2011	309,000	--	--	31,000	--	22,000 (4)	362,000
	2010	300,000	50,000	--	11,000	--	18,000 (4)	379,000
John Hunter Chief Operating Officer	2012	400,000	--	--	--	100,000 (5)	12,000 (4)	512,000
	2011	400,000	--	--	--	100,000 (5)	10,000 (4)	510,000
	2010	400,000	50,000	--	--	100,000 (5)	--	550,000
Ellen M. Cotter Chief Operating Officer Domestic Cinemas	2012	335,000	60,000	--	--	--	25,000 (4)	420,000
	2011	275,000	--	--	--	--	24,000 (4)	299,000
	2010	275,000	--	--	--	--	20,000 (4)	295,000
Robert F. Smerling President – Domestic Cinema Operations	2012	350,000	50,000	--	--	--	22,000 (4)	422,000
	2011	350,000	25,000	--	--	--	18,000 (4)	393,000
	2010	350,000	25,000	--	--	--	18,000 (4)	393,000

(1)Based on closing price of our Class A Nonvoting Common Stock on January 9, 2012.

(2)Represents an increase in the actuarial value of Mr. Cotter, Sr.'s SERP at December 31, 2012, as estimated by Towers Watson in January 2013. As the SERP is unfunded, this does not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the present value of the formula benefits provided for in the SERP, and reflects items such as the timing of cash compensation payments made to Mr. Cotter, Sr., and interest rates from time to time. No change has been made to the SERP benefits since its inception in 2007.

(3)We own a condominium in West Hollywood, California, which is used as an executive meeting place and office. "All Other Compensation" includes our matching contributions under our 401(k) plan, the incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by the Company.

(4)Represents our employer's matching contributions under our 401(k) plan and any car allowances.

(5)Represents increases in the value of pensions for Messrs. Matczynski and Hunter at December 31, 2012. As these pensions are unfunded, these amounts do not represent any current payment or

contribution by our Company. Rather, it is simply a calculation of the increase in the value of the benefits provided for each pension.

#### 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, 2012:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units		Grant Date Fair Value of Stock and Option Awards
James J. Cotter, Sr.	1/9/2012	217,890 (1)	\$	950,000

(1) Represents the value, determined by reference to the closing price of our Class A Stock on January 9, 2012, of shares issued to Mr. Cotter in satisfaction of the stock bonus portion of his compensation package for 2012.

This valuation does not reflect the fact that these shares are restricted and cannot be sold for five years.

#### Outstanding Equity Awards

The following table contains information concerning the outstanding option and stock awards of our named executive officers as of December 31, 2012:

	Class	Option Awards				Stock Awards	
		Number of Shares Underlying Unexercised Options	Number of Shares Underlying Unexercised Options	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 (\$)
		Exercisable	Unexercisable				
James J. Cotter, Sr.	B	100,000	—	\$ 10.24	5/8/2017	—	—
Andrzej Matyczynski	A	35,100	—	\$ 5.13	9/12/2020	—	—
	A	—	50,000	\$ 6.02	8/22/2022	—	—
Robert F. Smerling	A	43,750	—	\$ 10.24	5/9/2017	—	—
Ellen M. Cotter	A	75,000	—	\$ 4.01	4/22/2013	—	—
	B	50,000	—	\$ 10.24	5/9/2017	—	—

#### 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, 2012:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
James J. Cotter, Sr.	—	\$ —	217,890	\$ 1,309,519
Andrzej Matyczynski	35,000	\$ 133,000	—	\$ —

**Pension Benefits**

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2012:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James J. Cotter, Sr.	SERP	25	\$ 5,943,000	\$ —
John Hunter	COO Pension Plan	6	\$ 583,000	\$ —
Andrzej Matyczynski	CFO DCP	3	\$ 250,000	\$ —

**Payments Upon Termination or Change in Control**

We have entered into the following termination arrangements with the following named executive officers:

*Andrzej Matyczynski.* Pursuant to his employment agreement, Mr. Matyczynski is entitled to a severance payment equal to six months' salary in the event his employment is involuntarily terminated.

*John Hunter.* Under the terms of his employment, Mr. Hunter is entitled to a severance payment equal to 50% of his annual base salary if the Company terminates his employment for any reason.

No other named executive officers have termination benefits in their employment agreements. None of our employment agreements with our named executive officers have provisions relating to change in control.

**Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman. There are no "interlocks," as defined by the SEC, with respect to any member of our Compensation Committee.

**CERTAIN TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachem, who serves as Chairman. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts 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.

### Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan. In connection with that transaction, we also agreed 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 to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by James J. Cotter, Sr. and Michael Forman and of which Mr. Cotter is the managing member. During 2012, 2011, and 2010, we paid rent to SHC in the amount of \$590,000, \$590,000, and \$547,000, respectively.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. 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. Because our Chairman, Chief Executive Officer, and controlling shareholder, Mr. James J. Cotter, Sr., is also the managing member of SHC, RDI and SHC are considered entities under common control. As a result, 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 presented under other liabilities. This resulted in a deemed equity distribution of \$877,000.

In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying the Cinemas 1, 2 & 3 in Manhattan. In connection with that transaction, we agreed to grant to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their \$3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP.

### OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of James J. Cotter, Sr. and a member of our Board of Directors.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2012, OBI Management earned \$390,000, which was 19.7% of net cash flows for the year. In 2011, OBI Management earned \$398,000, which was 19.4% of net cash flows for the year. In 2010, OBI Management earned \$416,000, which was 24.2% of net cash flows for the year. In each year, 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.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related

expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

#### **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. Messrs. James J. Cotter and 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**

During 2012, Mr. James J. Cotter, Sr., our Chairman, Chief Executive Officer and controlling shareholder, contributed \$2.5 million of cash and \$255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, in which Mr. Cotter owns a 50% interest. We are the managing member of Shadow View Land and Farming, LLC.

#### **Certain Family Relationships**

Mr. Cotter, Sr., our controlling stockholder, has advised the Board of Directors that he considers his holdings in our Company to be long-term investments to be passed onto his heirs. The Directors believe that it is in the best interests of our Company and our stockholders for his heirs to become experienced in our operations and affairs. Accordingly, all of Mr. Cotter, Sr.'s children are currently involved with our Company and all serve on our Board of Directors.

#### **Certain Miscellaneous Transactions**

We have loaned Mr. Robert Smerling, the President of our domestic cinema operations, \$70,000 pursuant to an interest-free demand loan that antedated the effective date of the Sarbanes-Oxley prohibition on loans to directors and officers.

#### **INDEPENDENT PUBLIC ACCOUNTANTS**

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2012, 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 2012 and 2011 were approximately \$593,000 and \$488,000, respectively.

#### **Audit-Related Fees**

Grant Thornton, LLP did not provide us any audit related services for both 2012 and 2011.



**Tax Fees**

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for both 2012 and 2011.

**All Other Fees**

Grant Thornton, LLP did not provide us any other services than as set forth above for both 2012 and 2011.

**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 member(s) who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2012 and 2011.

**STOCKHOLDER COMMUNICATIONS****Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board of Directors 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 2014 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company 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 annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than January 6, 2014 to be considered timely. If our 2014 Annual Meeting is not within 30 days of the anniversary of our 2013 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 2014 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2014 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, 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 Board of Directors 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 of Directors.

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,



James J. Cotter, Sr., Chairman  
Dated: April 26, 2013

**ANNEX A**

Article IV of the Amended and Restated Articles of Incorporation of the Corporation is hereby amended to add a new Section 4.7 thereof, as follows:

4.7. Certain Issuances of Preferred Stock: The Corporation shall not, without the approval or ratification of the holders of a majority of the outstanding shares of Class B Voting Common Stock, engage in any transaction or series of related transactions, involving the sale, issuance or potential issuance by the Corporation of shares of any class of Preferred Stock (or securities convertible into or exchangeable for shares of any class of Preferred Stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges or preferences of such class of Preferred Stock.

**PROXY CARD****Electronic Voting Instructions**

**You can vote by Internet or telephone!**  
**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

**VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR**  
**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 16, 2013.**

**Vote by Internet**

Log on to the Internet and go to

**www.investorvote.com/RDI**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A. Proposals**

**1. Approval of Proposed Amendment - The Board of Directors recommends a vote FOR approval of the Proposed Amendment.**

For	Against	Withhold
-	-	-

**2. Election of Directors - The Board of Directors recommends a vote FOR all the nominees listed.**

Nominees:	For	Against	Withhold		For	Against	Withhold		For	Against	Withhold
01 - James J. Cotter, Sr.	-	-	-	02 - James J. Cotter, Jr.	-	-	-	03 - Ellen M. Cotter	-	-	-
04 - Margaret Cotter	-	-	-	05 - William D. Gould	-	-	-	06 - Edward L. Kane	-	-	-
07 - Douglas J. McEachern	-	-	-	08 - Tim Storey	-	-	-	09 - Alfred Villaseñor	-	-	-

**3. 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.

**B. Authorized Signatures - This section must be completed for your vote to be counted. - Date and Sign Below**

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustees, etc., should give their full titles.

Date (mm/dd/yyyy) - Please print date below.

Signature 1 - Please keep signature within the box.

Signature 2 - Please keep signature within the box.

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**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.**

## Proxy - READING INTERNATIONAL, INC.

**PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS - TO BE HELD MAY 16, 2013  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints James J. Cotter, Sr. 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 offices of Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 16, 2013 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.**

PLEASE SIGN AND DATE ON REVERSE SIDE

**C.Non-Voting Items**

Change of Address - Please print new address below.

**Meeting Attendance**

Mark the box to the right if you plan to attend the Annual Meeting.

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.**

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Data provided by Morningstar Document Research™ Service provided by

# **EXHIBIT 27**

READING INTERNATIONAL INC filed this DEF 14A on 04/25/2014

[Outline](#)   [Back to Results](#)   [Printer Friendly](#)

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: \_\_\_\_\_



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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON THURSDAY, MAY 15, 2014**

**TO THE STOCKHOLDERS:**

The 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders;
2. To act on an advisory vote on executive compensation; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is enclosed. Only holders of our class B voting common stock at the close of business on April 17, 2014 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors

James J. Cotter, Sr.  
Chairman

April 25, 2014

**PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN  
THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.**





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

**PROXY STATEMENT**

**Annual Meeting of Stockholders**  
Thursday, May 15, 2014

**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 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 15, 2014, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, 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 April 25, 2014.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders, (2) act on an advisory vote on executive compensation, and (3) 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 17, 2014, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,123,888 shares of our Class B Stock on the Record Date, which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 15, 2014** – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission are available at our website, <http://www.readingrdi.com>, under "Investor Information."

**VOTING AND PROXIES*****Am I eligible to vote?***

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you own Class B Stock and did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240. Your shares of Class B Stock are entitled to one vote per share.

***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.

***How will my shares be voted if I am a stockholder of record?***

If you are a stockholder of record and do not vote via the Internet, by telephone or by returning a signed proxy card, your shares will not be voted unless you attend the Annual Meeting and vote your shares or designate some other person to vote on your behalf by issuance to such person of a valid proxy and such person attends the meeting and votes such shares on your behalf.

If you vote via the Internet or telephone and do not specify contrary voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals. Similarly, if you sign and submit your proxy card with no instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals.

***If I am a beneficial owner of shares, can my brokerage firm vote my shares?***

If you are a beneficial owner and do not vote via the Internet, by telephone or by returning a signed voting instruction card to your broker, your shares may be voted only with respect to so-called routine matters where your broker has discretionary voting authority over your shares. Brokers will have no such discretionary authority to vote on any of the Proposals. We encourage you, therefore, to provide instructions to your brokerage firm by returning the voting instruction card provided by that broker.

***How do I vote in person?***

If you are a stockholder of record, you may vote in person by attending the 2014 Annual Meeting.

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. Accordingly, if you want to vote in person, you will need to bring that proxy with you to evidence your rights to vote such shares. If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

***If I plan to attend the Annual Meeting, should I still submit a proxy?***

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

***What if I want to revoke my proxy?***

You have the right to revoke your proxy at any time before it is voted on your behalf by:

- submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;
- submitting a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting in person.

**Proxy Solicitation and Expenses**

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

**Quorum and Vote Required**

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

The following voting rights are associated with respect to the Proposals:

- As to Proposal 1 regarding the election of Directors, you may vote "FOR" or "WITHHOLD" with respect to all or any of the nominees.
- As to Proposal 2 regarding the approval, by non-binding vote, of the compensation of our named executive officers as disclosed in this proxy statement, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to abstain, it will have the same effect as an "AGAINST" vote.

An automated system administered by our transfer agent will tabulate votes cast by proxy at the Annual Meeting, and the inspector of elections for the Annual Meeting will tabulate votes cast in person at the Annual Meeting.

***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.

**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 2015 or until their successors are 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 of Directors 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 of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
James J. Cotter, Sr.	76	Chairman of the Board and Chief Executive Officer (1)
James J. Cotter, Jr.	44	Vice Chairman of the Board(2)
Ellen M. Cotter	48	Director
Margaret Cotter	46	Director
Guy W. Adams	63	Director
William D. Gould	75	Director (3)
Edward L. Kane	76	Director (1)(2)(4)(5)
Douglas J. McEachern	62	Director (4)
Tim Storey	56	Director (4)(5)

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead Independent Director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation Committee.

***James J. Cotter, Sr.***

James J. Cotter, Sr. has been a Director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a Director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a Director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several Boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his

interests are generally aligned with those of the other stockholders of the Company, which enhances his value as a Director. In those situations where there may be a conflict of interest, such matters are referred to our Audit and Conflicts Committee comprised entirely of independent Directors.

*James J. Cotter, Jr.*

James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, and was appointed Vice Chairman of the Board in 2007. The Board of Directors appointed Mr. James J. Cotter, Jr. to serve as the Company's President, beginning June 1, 2013. He had been Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) since July 2004. Mr. Cotter, Jr. served as a Director to 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, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the son of James J. Cotter, Sr. and the brother of Margaret Cotter and Ellen M. Cotter.

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney. In addition, with his direct ownership of approximately 671,000 shares of our Company's Class A Common Stock, Mr. Cotter, Jr. is a significant stake holder in our Company. Mr. Cotter Jr. also holds options to acquire an additional 22,500 shares of Class A Common Stock.

*Ellen M. Cotter*

Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate 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 Manhattan. Ms. Cotter is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the Board her 15 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 12 years, she has served as the senior operating officer of our Company's domestic cinema operations. 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. With her direct ownership of approximately 674,000 shares of Class A Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 95,000 shares of Class A Common Stock and 50,000 shares of Class B Voting Common Stock.

Ms. Cotter is a senior executive officer of our Company and, accordingly, will not be paid for her services as a Director, but has been granted the 20,000 stock options customarily granted to all new Directors.

*Margaret Cotter*

Margaret Cotter has been a Director of the Company since September 27, 2002. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, the subsidiary through which we own our live theaters. Ms. Cotter manages the real estate which houses each of the four live theaters (without compensation). Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of the properties as well as heads the day to day pre-development process and transition of our properties from live theatre operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates which subsequently sold the business to Reading with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and 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 Law Center. She is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 15 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of approximately 655,000 shares of our Company's Class A Common Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 27,500 shares of Class A Common Stock and 35,100 shares of Class B Voting Common Stock.

*Guy W. Adams*

Guy W. Adams is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past ten 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 having served in various capacities as lead Director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this Mr. Adams provided investment advice to various family offices as well as investing his own capital in public and private equity transactions.

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 in making investments in public companies.

*William D. Gould*

William D. Gould has been a Director of the Company since October 15, 2004 and 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.

As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the Board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our Board to provide oversight in such matters.

*Edward L. Kane*

Edward L. Kane has been a Director of the Company since October 15, 2004. Mr. Kane was also a Director of the Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chairman of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he 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.

Mr. Kane brings to the Board his many years as a tax attorney and law professor. Mr. Kane's tax law experience has served the Company in its recent tax litigation and his expertise and guidance in such complex matters continue to be invaluable to the Company. 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 a former member of the Boards of Directors of several publicly held corporations.

*Douglas J. McEachern*

Douglas J. McEachern has been a Director of the Company since May 17, 2012 and Chairman of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the Board of Directors and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chairman of the Board of Directors of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since July 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College and of accounting at California State Polytechnic University at Pomona. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, 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, 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 the Board his more than 36 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.

*Tim Storey*

Tim Storey has been a Director of the Company since December 28, 2011. Mr. Storey has served as the sole outside Director of the Company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a Director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chairman of the Board of that company on July 1, 2009.

From 2011 to 2012, Mr. Storey was a Director of NZ Farming Systems Uruguay, also a New Zealand listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chairman of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities. Prolex Advisory has provided consulting services primarily with respect to fund management and commercial property/project transactions across a range of industries including health care, community housing, student accommodations and agriculture.

Mr. Storey brings to the Board many years of experience in New Zealand corporate law and commercial real estate matters. He serves as a Director of our New Zealand subsidiary.

**Attendance at Board and Committee Meetings**

During the year ended December 31, 2013, our Board of Directors met five times. The Audit and Conflicts Committee and the Compensation Committee each held six meetings, while the Tax Oversight Committee held five meetings.

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.

#### **Code of Ethics**

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees, which is available on our website at [www.readingrdi.com](http://www.readingrdi.com).

#### **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 2013, all of our Directors, except those who are working executives, received an annual fee of \$35,000 for their services, including attendance at meetings of the Board and Board committees. In addition, each Director received a one-time payment of \$3,000. For 2013, the Chairman of our Audit and Conflicts Committee received an additional \$7,000, the Chairman of our Compensation Committee received an additional \$5,000, and the Chairman of our Tax Oversight Committee received an additional \$18,000.

Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received \$59,000 for his services as Director and Vice Chairman of the Board in 2013.

In addition, upon joining the Board, new Directors receive immediately vested 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. Our Directors are from time to time granted additional stock options as a part of their continuing compensation for their ongoing participation on our Board of Directors. These awards are based upon the recommendations of our Chairman and principal shareholder, James J. Cotter, Sr., which recommendations are reviewed and acted upon by our entire Board of Directors. Typically, in such cases, each sitting Director (other than Mr. Cotter, Sr., who does not participate in such awards) is awarded the same number of options, and such options are granted on the same terms. Historically, we have granted our officers and Directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration. Such awards have in each case been recommended by Mr. Cotter, Sr. to our Compensation Committee for the committee's consideration.



**Director Compensation Table**

The following table summarizes the Director compensation for the year ended December 31, 2013:

Name	Fees Earned or		Option Awards		All Other Compensation	Total (\$)
	Paid in Cash (\$)		(\$)		(\$)	
James J. Cotter, Sr. (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
James J. Cotter, Jr. (1)	\$ 59,000	\$ -	\$ -	\$ -	\$ -	\$ 59,000
Ellen M. Cotter (1)	\$ -	\$ 35,000 (4)	\$ -	\$ -	\$ -	\$ 35,000
Margaret Cotter (2)	\$ 38,000	\$ 10,000 (5)	\$ -	\$ -	\$ -	\$ 48,000
Guy W. Adams (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
William D. Gould	\$ 38,000	\$ 10,000 (5)	\$ -	\$ -	\$ -	\$ 48,000
Edward L. Kane	\$ 61,000	\$ 10,000 (5)	\$ -	\$ -	\$ -	\$ 71,000
Douglas J. McEachern	\$ 45,000	\$ 10,000 (5)	\$ -	\$ -	\$ -	\$ 55,000
Tim Storey	\$ 38,000	\$ 10,000 (5)	\$ 21,000 (6)	\$ -	\$ -	\$ 69,000
Alfred Villaseñor (7)	\$ 38,000	\$ 10,000 (5)	\$ -	\$ -	\$ -	\$ 48,000

- (1) Mr. Cotter, Sr. and Ms. Ellen Cotter receive compensation only as executive officers of the Company and not in their capacities as Directors. Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received \$59,000 for his services as Director and Vice Chairman of the Board in 2013.
- (2) In addition to her Director's fees, Margaret Cotter receives 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. Adams joined the Board on January 14, 2014 and was granted 20,000 options on the same date.
- (4) As a new Director, Ellen Cotter was granted 20,000 options on March 7, 2013.
- (5) Each of these Directors was granted 5,000 options on June 21, 2013.
- (6) This amount represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.
- (7) Alfred Villaseñor, who has been a Director of the Company since 1987, has decided not to put his name forward for re-election this year. Accordingly, his term will end and he will be retiring from our Board, effective upon election of his successor at our upcoming Annual Meeting.

**Board Committees and Corporate Governance**

Our Board of Directors has standing Executive, Audit and Conflicts, Compensation, and Tax Oversight Committees. These committees are discussed in greater detail below.

James J. Cotter, Sr. owns beneficially a majority of our Class B Stock and accordingly holds more than 50% of the voting power for the election of Directors of the Company. Therefore, our Board of Directors, has determined that our Company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our Board of Directors in 2009 unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our Company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our Directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to Mr. Cotter, Sr. as our controlling stockholder, in order to be elected. Mr. Cotter, Sr. as the holder of a majority of the voting power of our Company, is able to unilaterally elect candidates to our Board of Directors at our annual meeting or any other meeting where our Directors are to be elected or remove a Director from the

Board of Directors. Historically, Mr. Cotter, Sr. has identified and recommended nominees to our Board of Directors in consultation with our other incumbent Directors.

Our Board of Directors does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No stockholder has, in more than the past ten years, made any proposal or recommendation to the Board as to potential nominees, nor has Mr. Cotter, Sr. ever proposed, in the time he has been our principal or controlling stockholder, any nominee that our remaining Directors have found to be unacceptable. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board of Directors directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ 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 of Directors believes there is no need for a formal policy with respect to Director nominations.

Our Board of Directors 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 immediately preceding annual meeting of our stockholders at which Directors are elected, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved forward. 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 of Directors.

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 of Directors, other than the need to have at least one Director and member of our Audit and Conflicts 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.

Five of the current nominees are long-standing incumbent Directors, and all nine nominees were originally recommended by Mr. Cotter, Sr. No other recommendations were received by us with respect to possible nominees to our Board of Directors for consideration at our upcoming Annual Meeting of Stockholders.

James J. Cotter, Sr., serves as our Chief Executive Officer and as Chairman of the Board of Directors. We believe this leadership structure is appropriate because it is more efficient than having these roles divided, and, because the first-hand knowledge of our business operations that our Chairman possesses as Chief Executive Officer, better serves our entire Board in its decision making. In lieu of separating the Chief Executive Officer and Chairman functions, the Board has designated William D. Gould to serve as our Lead Independent Director, to chair meetings of the independent Directors, and to act as liaison between our Chairman and our independent Directors.

Our Board of Directors oversees risk by remaining well-informed through regular meetings with management and our Chairman's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Vice-Chairman 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 of Directors is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent Directors.

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

***Executive Committee***

A standing Executive Committee, comprised of Mr. Cotter, Sr., Mr. Kane and Mr. Villaseñor, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full Board of Directors. In recent years, this committee has not been used to take any action on corporate matters. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation Committee, all matters requiring Board approval have been considered by the entire Board of Directors.

***Audit and Conflicts Committee***

Our Board of Directors maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by the Board of Directors, and is available on our website at [www.readingrdi.com](http://www.readingrdi.com). Our Board of Directors has determined that the Audit Committee is comprised entirely of independent Directors, (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chairman of our Audit Committee, is qualified as an Audit Committee Financial Expert. With respect to our fiscal year ended December 31, 2013, our Audit and Conflicts Committee was comprised of Messrs. McEachern, Kane, and Storey.

**Audit Committee Report**

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2013.

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 of Directors. 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. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an 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 of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2013 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 of Directors, 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, Chairman  
Edward L. Kane  
Tim Storey

**Compensation Committee**

Our Board of Directors has a standing Compensation Committee comprised entirely of independent Directors. The current members of this committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman.

The Compensation Committee evaluates and makes recommendations to the full Board of Directors regarding the compensation of our Chief Executive Officer, James J. Cotter, Sr. and of any Cotter family member, provides from time to time advice to James J. Cotter, Sr. regarding the compensation of other executives, as requested by Mr. Cotter, Sr., and performs other compensation related functions as delegated. The Compensation Committee Report is shown below under the heading, "Compensation Committee Report."

**Tax Oversight Committee**

Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board abreast of and informed about the Company's tax planning and such tax issues as may emerge from time to time. This committee is comprised of Messrs. Edward L. Kane and James J. Cotter, Jr. Mr. Kane serves as the Chairman of the committee.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

Mr. Cotter, Sr. has advised us that he intends to vote his shares of Class B Stock in favor of each of our nominees. Since Mr. Cotter, Sr. owned a majority of the outstanding shares of Class B Stock on the Record Date, if he votes all of his shares as he has advised, each of the nominees will be elected regardless of the vote of our other stockholders.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

**PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") mandates that our stockholders vote whether to approve, on an advisory or non-binding basis, the compensation of our "named executive officers" as disclosed in this proxy statement. Currently, our named executive officers are Messrs. James J. Cotter, Sr., Ellen M. Cotter, Andrzej Matyczynski, Robert F. Smerling, and Wayne D. Smith. A description of the compensation paid to these individuals is set out below under the heading, "Executive Compensation."

This vote is advisory in nature and therefore not binding on us, our Compensation Committee, or our Board of Directors. Furthermore, this vote is not intended to address any specific item of compensation, but rather the overall compensation of these executive officers and our general compensation policies and practices.

**Vote Required**

The affirmative vote of a majority of the shares of our Class B Stock present in person or represented by proxy and entitled to be voted on the proposal at the Annual Meeting is required for advisory approval of this proposal.

Mr. Cotter has indicated that he intends to vote his approximately 70% of the outstanding shares of our Class B Stock in accordance with the Board of Directors' recommendation and "for" such approval, and if he does, Proposal 2 will be approved.

**Recommendation of the Board**

**OUR BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.**

**BENEFICIAL OWNERSHIP OF SECURITIES**

The following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on the Record Date by:

- each of our incumbent Directors and Director nominees;
- each of our 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 executive officers as a group.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
James J. Cotter, Sr. (2)	3,024,097	13.7%	1,123,888	70.4%
James J. Cotter, Jr. (3)	718,232	3.3%	—	—
Ellen M. Cotter (4)	768,766	3.5%	50,000	3.2%
Margaret Cotter (5)	682,870	3.1%	35,100	2.3%
Guy Adams (6)	20,000	*	—	—
William D. Gould (7)	84,840	*	—	—
Edward L. Kane (7)	65,000	*	100	*
Douglas J. McEachern (8)	29,000	*	—	—
Tim Storey (8)	25,000	*	—	—
Alfred Villaseñor (9)	34,300	*	—	—
Andrzej Matyczynski (10)	73,244	*	—	—
Robert F. Smerling (11)	43,750	*	—	—
Wayne Smith	—	—	—	—

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Mark Cuban (12) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.9%
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (13) 875 Prospect Street, Suite 301 La Jolla, California 92037	N/A	N/A	97,500	6.5%
All Directors and Executive Officers as a Group (12 persons)(14)	5,534,799	24.7%	1,209,088	71.9%

(1)Percentage ownership is determined based on 22,015,738 shares of Class A Stock and 1,495,490 shares of Class B Stock outstanding on the Record Date. Beneficial ownership is determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of the Record 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. An asterisk (\*) denotes beneficial ownership of less than 1%.

(2)The Class B Stock shown includes 100,000 shares subject to stock options and 1,023,888 shares owned by the James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee. The shares of Class A Stock shown include 1,602,226 shares owned by the James J. Cotter Living Trust, 29,730 shares held in a pension fund in Mr. Cotter, Sr.'s name, 1,000,000 shares held by Cotter Enterprises, LLC, of which Mr. Cotter, Sr. is the sole voting member, 289,390 shares held by a trust for Mr. Cotter, Sr.'s grandchildren, of which Mr. Cotter, Sr. is the trustee, and 102,751 held by the James J. Cotter Foundation, of which Mr. Cotter, Sr. is the trustee. Mr. Cotter, Sr. has no pecuniary interest in the shares held by his grandchildren's trust or the James J. Cotter Foundation. Mr. Cotter, Sr.'s pecuniary interest in the shares held by Cotter Enterprises, LLC is limited to 10,000 of the shares held by Cotter Enterprises, LLC, representing his 1% interest in that entity. The Cotter 2005 Children's Trust U/D/T dated December 31, 2005 (the "Cotter Children's Trust") holds a 99% non-voting interest in Cotter Enterprises, LLC.

(3)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. It also includes 25,000 shares subject to stock options exercisable on June 3, 2014.

(4)The Class A Stock shown includes 95,000 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(5)The Class A Stock shown includes 27,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(6) Includes 20,000 shares subject to stock options.

(7) Includes 47,500 shares subject to stock options.

(8) Includes 25,000 shares subject to stock options.

- (9) Includes 22,500 shares subject to stock options.
- (10) Includes 47,600 shares subject to stock options.
- (11) Includes 43,750 shares subject to stock options.
- (12) Based on Mr. Cuban's Form 4 filed on July 18, 2011 and Schedule 13-G filed on February 14, 2012.
- (13) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13-G filed on February 15, 2011.
- (14) The Class A Stock shown includes 423,850 shares subject to stock options and the Class B Stock shown includes 185,100 shares subject to stock options.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and Directors and persons who own more than 10% of either class of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The SEC rules also require such reporting persons to furnish us with a copy of all Section 16(a) forms they file.

Based solely on a review of the copies of the forms we have received and on written representations from certain reporting persons, during 2013, it appears that certain Section 16(a) filings were not timely made. Mr. James J. Cotter, Sr. filed four late reports on Form 4 covering five transactions. M. James J. Cotter, Jr. filed one late report on Form 4 and one late report on Form 5 covering two transactions. Ellen M. Cotter filed two late reports on Form 4, pertaining to five transactions. Ms. Margaret Cotter filed one late filing on Form 4 and one late filing on Form 5 pertaining to two transactions. Messrs. William Gould, Edward L. Kane, Douglas J. McEachern and Alfred Villasenor each filed one late Form 4 relating to the grant of Director stock option to them on June 21, 2013. Mr. Andrzej J. Matyczynski made three late filings on form 4 relating to three transactions. Mr. Wayne Smith filed one late filing on form 4, relating to a single transaction. Generally speaking, these late filings related to the granting or exercise of stock options or stock grants or, in the case of the members of the Cotter family, transfers between affiliates of such Cotter Family Members and did not involve open market transactions.

#### EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than James J. Cotter, Sr., James J. Cotter, Jr., and Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

<u>Name</u>	<u>Age</u>	<u>Title</u>
Andrzej Matyczynski	61	Chief Financial Officer and Treasurer
Robert F. Smerling	79	President - Domestic Cinemas
Wayne Smith	56	Managing Director – Australia and New Zealand

Andrzej Matyczynski has served as our Chief Financial Officer and Treasurer of our Company since November 1999. 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 Masters Degree in Business Administration from the University of Southern California.

Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 56 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.



Wayne D. Smith joined the Company in April 2004 after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing the 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.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

The Board of Directors of our Company has established a standing Compensation Committee, which we refer to in this section as the "Committee," consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the general authority delegated to the Committee by our Board of Directors.

The Compensation Committee recommends to the full Board of Directors the compensation of our Chief Executive Officer and of any Cotter family members. Our Board of Directors, with Directors James J. Cotter, Sr., Ellen M. Cotter, Margaret Cotter, and James J. Cotter, Jr. abstaining, typically accepts the recommendation of the Compensation Committee without modification, but reserves the right to modify the recommendations or take other action. James J. Cotter, Sr., as our Chairman and Chief Executive Officer, has been delegated responsibility by our Board to determine the compensation of our executive officers other than Cotter family members. In his discretion, however, Mr. Cotter, Sr., may seek the advice of the Compensation Committee on matters related to the compensation of other named executive officers. The Board of Directors exercises oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our Company's Chief Executive Officer, and from time to time performs other compensation-related functions.

Throughout this proxy section, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

#### *CEO Compensation*

The Compensation Committee recommends to the Board of Directors 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 who reports directly to the Compensation Committee. Consistent with the above program, the Compensation Committee utilizes three elements – a base salary cash component, a discretionary annual cash bonus component, and a fixed stock grant component – with respect to our Chief Executive Officer's compensation. The objective of each element is to reasonably reward Mr. Cotter, Sr. for his performance and leadership.

In 2012, the Compensation Committee engaged Towers Watson, executive compensation consultants, to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analyses, Towers Watson, in consultation with our management, including Mr. 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. The Committee relied upon the Towers Watson 2012 analysis in determining our Chief Executive Officer's compensation for 2013.

In 2007, our Board of Directors approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr., supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. The SERP is described in greater detail below under the caption "Supplemental Executive Retirement Plan." As this plan was adopted as a reward for past services and as the amounts to be paid under that plan are determined by application of an already agreed to formula, the Compensation Committee does not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect an actuarial analysis of any increase in the present value of the SERP benefit and reflects the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the plan is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the plan are tied only to the cash portion of his compensation, and not to compensation in the form of stock options or stock grants.

#### 2013 CEO Compensation

For purposes of establishing our Chief Executive Officer's 2013 Compensation, Towers Watson in December 2012 provided the Committee an updated written assessment of Mr. Cotter Sr.'s total direct compensation compared to the following peer group of companies:

Acadia Realty Trust	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Bluegreen Corp.	Pennsylvania Real Estate Investment Trust
Carnike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

The 2012 Towers Watson analysis predicted pay levels of the peer group for 2013 using regression analysis to adjust pay data based on estimated annual revenues of \$250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s overall compensation was in line with the 66th percentile among the peer companies. The Compensation Committee, however, does not target Mr. Cotter Sr.'s compensation to any particular percentile of compensation among the peer companies.

The Company paid Towers Watson a fee of \$24,000 for its services in preparing the 2012 analysis.

Based on the above 2012 Towers Watson analysis, on January 15, 2013, the Compensation Committee recommended to the Board, and the Board subsequently accepted, the following compensation program for our Chief Executive Officer for 2013.

*Salary:* \$750,000

The Compensation Committee determined to increase Mr. Cotter, Sr.'s 2013 annual base salary from \$700,000 in 2012 to \$750,000, or approximately 7%. According to Tower Watson's advice, most of the peer group companies were considering increases in the range of 3%. In deciding to recommend an increase in Mr. Cotter, Sr.'s annual base salary, the Compensation Committee decided to maintain Mr. Cotter Sr.'s overall total compensation increase from 2012 to within the 3% range, but make the adjustment fully on the base salary. The Compensation Committee also considered the fact that the increase would necessarily result in an increase in Mr. Cotter, Sr.'s SERP, but this did not affect the Compensation Committee's recommendation.

since the SERP is fully vested and, except for changes in benefits resulting from changes in Mr. Cotter, Sr.'s annual cash compensation, Mr. Cotter, Sr. is no longer accruing additional benefits under the SERP.

*Discretionary Cash Bonus: Up to \$500,000.*

The Compensation Committee determined to maintain the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2013 at the 2012 level. No benchmarks, formulas or quantitative or qualitative measurements of any kind were specified for use in determining the amount of cash bonus to be awarded within this range. In its annual compensation review, the Compensation Committee recommends to the Board the actual amount of the cash bonus, within such range, at its discretion and based solely on its subjective evaluation of our Chief Executive Officer's performance. As it typically has done in the past, in December 2013 the Compensation Committee recommended that the full amount of the discretionary cash bonus be awarded to Mr. Cotter, Sr. for 2013. The Compensation Committee reserved the right to increase the \$500,000 upper range of discretionary cash bonus amount based upon parameters discussed with Mr. Cotter, Sr.

At its January 15, 2013 meeting, the Compensation Committee also determined to recommend to the Board of Directors an additional 2013 cash bonus to Mr. Cotter, Sr. of up to \$500,000 based on the achievement of specified criteria relating to the progress of the Company's proposed Cinemas and Union Square developments in New York City.

In subsequent informal discussions among the Compensation Committee members later in 2013, they discussed the progress of the Company's development, which had been delayed temporarily by subway and landmarking issues, as well as the continued importance to the Company of the proposed development and estimated appreciation in the value of the proposed development. The Compensation Committee members also considered the diversion of Mr. Cotter, Sr.'s time and attention by other business of the Company, including the successful sale of the Company's Moonee Ponds Property for AU\$23 million, which the Compensation Committee had not considered in recommending the additional \$500,000 bonus for 2013.

As a result of the above, at a meeting of the Board of Directors on January 14, 2014, the Chairman of the Compensation Committee summarized the discussions among the Compensation Committee members and reported that there was a consensus among the members that Mr. Cotter, Sr. should be awarded the full additional \$500,000 bonus for 2013 despite the Company's failure to meet certain criteria originally established by the Compensation Committee in January 2013 as the basis for the payment of the additional \$500,000 bonus for 2013. Based on the Compensation Committee's report and recommendations, the Board of Directors, with Mr. Cotter, Sr. and Mr. Cotter, Jr. and Ellen Cotter abstaining, approved the payment to Mr. Cotter, Sr. of the full \$500,000 additional bonus for 2013.

*Stock Bonus: \$750,000 (125,209 shares of Class A Stock).*

In its meeting on January 15, 2013, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company was not terminated prior to December 31, 2013 other than as a result of his death or disability, he was to receive 125,209 shares of our Company's Class A Stock: the number of shares of Class A nonvoting common stock equal to \$750,000 divided by the closing price of the stock on January 15, 2013, the date the Committee approved the stock bonus. These shares were issued on April 8, 2014.

None of our executive officers plays a role in determining the compensation of our Chief Executive Officer. When invited by the Compensation Committee, Mr. Cotter, Sr. attends meetings of the Compensation Committee. In 2013, he attended one such meeting. Before recommending any changes to our Chief Executive Officer's compensation, the Compensation Committee typically discusses the proposed changes with Mr. Cotter, Sr. and Andrzej Matyczynski, our Chief Financial Officer, occasionally attends Compensation Committee meetings as he did in 2013 to provide information as requested by the Committee.

2014 CEO Compensation

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Company engaged Towers Watson to generate an updated report, which the Company received on February 26, 2014.

The Company paid Towers Watson \$7,455 for the updated report.

The 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, with one exception, the same peer group of 19 United States and Australian companies and published compensation survey data, and to the Company's compensation philosophy. The excepted former peer group company was Bluegreen Corp., which was acquired in 2013.

Towers Watson again predicted pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of \$260 million (i.e., the Company's approximate annual revenues) for all companies, excluding financial services companies. The published survey data was updated to January 1, 2014 using an annual update factor of 3%, which reflects the projected 2013 salary budget increase for the arts, entertainment and recreation industry. As in its prior reports to the Company, Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits except as Mr. Cotter, Sr.'s annual cash compensation changes.

The Towers Watson analysis indicated that Mr. Cotter, Sr.'s total direct compensation for 2013, including the \$500,000 additional cash bonus to Mr. Cotter, Sr., was in line with the 66th percentile of the peer group.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, is above Mr. Cotter, Sr.'s annual base salary as it was in 2012 even after the 7% increase in Mr. Cotter, Sr.'s salary implemented in 2013. The peer group is partially comprised of companies that are larger than Reading and the 66th percentile level tend to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the Company's peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson is below the Company's pay levels.

Towers Watson combined the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s cash compensation is in line with the 66th percentile while the total direct compensation, which includes the expected value of long-term incentive compensation, would have been below the 66th percentile, without the additional \$500,000 cash bonus paid to Mr. Cotter, Sr. for 2013.

Because our Company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it is not necessary to separately adjust the peer group data based on the size of our Company, since the peer group was selected based on the acceptable revenue range. The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our Board of Directors the following compensation for our Chief Executive Officer for 2014. The Board met on March 13, 2014 and accepted this recommendation without change.

Salary: \$750,000

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at \$750,000, its 2013 level.

**Discretionary Cash Bonus: Up to \$750,000.**

The Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2014 from the 2013 level of \$500,000 to \$750,000. The bonus is subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment is terminated earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in the past, the Compensation Committee reserves the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of the Company or Mr. Cotter, Sr.'s exceptional performance as determined in the Compensation Committee's discretion.

**Stock Bonus: \$1,200,000 (160,643 shares of Class A Stock).**

In its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he is to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to \$1,200,000 divided by the closing price of the stock on February 27, 2014, the date the Committee approved the stock bonus.

**Compensation of Other Named Executive Officers**

Mr. Cotter Sr., our Chairman and Chief Executive Officer, sets the compensation of our executive officers other than himself and the members of his family. Mr. Cotter, Sr.'s decisions are not subject to approval by the Compensation Committee or the Board of Directors, but our Compensation Committee and our Board consider Mr. Cotter, Sr.'s decisions with respect to Executive Compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. has informed the Company that he does not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor does he consult with compensation consultants on the matter. Mr. Cotter, Sr. has advised the Company that he considers 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 of Directors.
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 are just two factors considered by Mr. Cotter, Sr. in establishing base salaries and awarding discretionary compensation. We have 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 2013, a majority of total compensation to our named executive officers was 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 are discussed further below.

**Salary:** Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors that may be considered by Mr. Cotter, Sr. in setting the base salaries include (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 other named executive officers and (iv) a subjective evaluation of individual job performance of the executive.

**Cash Bonus:** Cash bonuses may supplement the base salaries of our named executive officers and are entirely discretionary on the part of Mr. Cotter, Sr. Factors that may be considered by Mr. Cotter, Sr. in awarding cash bonuses are (i) the level of the executive's responsibilities; (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision; and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

**Stock Bonus:** 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 set by our 2010 Stock Incentive Plan, are 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 Capital 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.

Andrzej Matyczynski, our Chief Financial Officer, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation as described elsewhere in this proxy statement.

Other than Mr. Cotter, Sr.'s role in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

#### ***Key Person Insurance***

Our Company maintains key person life insurance on certain individuals who we believe to be key to our management. These individuals include certain of our current officers, Directors and independent contractors. If such individual ceases to be an employee, Director or independent contractor of our Company, as the case may be, he or she 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 our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

#### ***Retirement Benefits***

We provide all of our employees, including Mr. Cotter, Sr. and our other named executive officers, a retirement savings plan qualified under Internal Revenue Code section 401(k). To be eligible to participate, employees must have completed four months of employment, and must be over 21 years of age. Employees choosing to participate can make contributions to their plan account on a pre-tax basis up to the maximum

annual amount permitted by IRS rulings. The Company usually matches employee contributions dollar-for-dollar up to 3% of employee wages, then 50 cents per dollar between 3% and 5% of employee wages.

#### *Supplemental Executive Retirement Plan*

In March 2007, our Board of Directors approved a Supplemental Executive Retirement Plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. will be entitled to receive from our Company for the remainder of his life (with a guaranteed minimum of 180 monthly payments) a monthly payment of the greater of (i) 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us or (ii) \$25,000. The beneficiaries under the SERP may be designated by Mr. Cotter, Sr. or by his beneficiary following his death. The benefits under the SERP are fully vested.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our Company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

#### *Other Retirement Plans*

John Hunter, our former Chief Operating Officer, left the company in June 2013, and in accordance with the provisions of his employment agreement, the Company paid the vested pension benefit of \$400,000 on February 3, 2014, without interest.

During 2012, Mr. Matyczynski was granted an unfunded deferred compensation plan ("DCP") that is partially vested and will vest further, assuming he remains in our continuous employ. If Mr. Matyczynski is terminated for cause, then the total vested amount reduces to zero. The incremental amount vested each year is subject to review and approval by our Board of Directors (with the concurrence of our Chairman). Assuming no changes in the incremental vesting amount by our Board of Directors, Mr. Matyczynski's DCP will vest as follows:

<b>December 31</b>	<b>Total Vested Amount at the End of Each Vesting Year</b>	
2013	\$	300,000
2014	\$	375,000
2015	\$	450,000
2016	\$	525,000
2017	\$	625,000
2018	\$	750,000
2019	\$	1,000,000

Payment of the vested benefit is to be made in three equal annual payments, starting six months after he ceases to be employed by our Company.

We currently maintain no other retirement plan for our named executive officers.

#### *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. The Compensation Committee and our Board of Directors 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 as in the case of Mr. Cotter, Sr.

#### *Nonqualified Deferred Compensation*

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

#### *Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

#### *Say on Pay and Say When Pay*

At our Company’s Annual Meeting of Stockholders held on May 19, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. Our stockholders voted in favor of our Company’s executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. The Committee reviewed the results of the advisory vote on executive compensation in 2012 and did not make any changes to our compensation based on the results of the vote. The Committee will review the results of the upcoming advisory vote on executive compensation and decide whether any changes should be made going forward.

#### ***Compensation Committee Report***

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 of Directors that the foregoing “Compensation Discussion and Analysis” be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chairman  
Tim Storey  
Alfred Villaseñor



**Summary Compensation Table**

The following table presents summary information concerning all compensation payable to our named executive officers for services rendered in all capacities during the past three completed fiscal years:

						Change in Pension Value and Nonqualified Deferred Compensation Earnings		
	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	(\$)	All Other Compensation (\$)	Total (\$)
James J. Cotter, Sr.	2013	750,000	1,000,000	750,000 (1)	--	1,455,000 (2)	25,000 (3)	3,980,000
Chairman of the Board	2012	700,000	500,000	950,000	--	2,433,000	24,000	4,607,000
and Chief Executive Officer	2011	500,000	500,000	750,000	--	--	25,000	1,775,000
Andrzej Matyczynski	2013	309,000	35,000	--	33,000	50,000 (5)	26,000 (4)	453,000
Chief Financial Officer	2012	309,000	--	--	33,000	250,000	25,000	617,000
and Treasurer	2011	309,000	--	--	31,000	--	22,000	362,000
Robert F. Smerling	2013	350,000	50,000	--	--	--	22,000 (4)	422,000
President - Domestic	2012	350,000	50,000	--	--	--	22,000	422,000
Cinema Operations	2011	350,000	25,000	--	--	--	18,000	393,000
Ellen M. Cotter	2013	335,000	--	--	--	--	25,000 (4)	360,000
Chief Operating Officer	2012	335,000	60,000	--	--	--	25,000	420,000
Domestic Cinemas	2011	275,000	--	--	--	--	24,000	299,000
Wayne Smith	2013	339,000	--	--	--	--	20,000 (4)	359,000
Managing Director -	2012	357,000	16,000	--	22,000	--	19,000	414,000
Australia and New Zealand	2011	353,000	26,000	--	33,000	--	40,000	452,000

(1) Based on closing price of our Class A Nonvoting Common Stock on January 15, 2013.

(2) Represents an increase in the actuarial value of Mr. Cotter, Sr.'s SERP at December 31, 2013, as estimated by Towers Watson in January 2014. As the SERP is unfunded, this does not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the present value of the formula benefits provided for in the SERP, and reflects items such as the timing of cash compensation payments made to Mr. Cotter, Sr., and interest rates from time to time. No change has been made to the SERP benefits since its inception in 2007.

(3) We own a condominium in West Hollywood, California, which is used as an executive meeting place and office. "All Other Compensation" includes our matching contributions under our 401(k) plan, the incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by the Company.

(4) Represents our employer's matching contributions under our 401(k) plan, key person insurance, and any car allowances.

(5) Represents increases in the value of the DCP for Mr. Matyczynski at December 31, 2013. As this DCP is unfunded, these amounts do not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the value of the benefits provided for by the DCP.

#### 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, 2013:

Name	Grant Date	All Other Stock Awards: Number of Shares of	Grant Date Fair Value of Stock and Option Awards
		Stock or Units	
James J. Cotter, Sr.	1/15/2013	125,209 (1)	\$ 750,000

(1) Represents the value, determined by reference to the closing price of our Class A Stock on January 15, 2013, of shares issued to Mr. Cotter in satisfaction of the stock bonus portion of his compensation package for 2013. This valuation does not reflect any discount for the fact that these shares are restricted and cannot be sold for five years.

#### Outstanding Equity Awards

The following table contains information concerning the outstanding option and stock awards of our named executive officers as of December 31, 2013:

	Class	Option Awards				Stock Awards	
		Number of Shares Underlying Unexercised Options	Number of Shares Underlying Unexercised Options	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 (\$)
		Exercisable	Unexercisable				
James J. Cotter, Sr.	B	100,000	—	\$ 10.24	5/9/2017	—	—
Ellen M. Cotter	A	20,000	—	\$ 5.55	3/16/2018	—	—
Ellen M. Cotter	B	50,000	—	\$ 10.24	5/9/2017	—	—
Andrzej Matyczynski	A	35,100	—	\$ 5.13	9/12/2020	—	—
Andrzej Matyczynski	A	12,500	37,500	\$ 6.02	8/22/2022	—	—
Robert F. Smerling	A	43,750	—	\$ 10.24	5/9/2017	—	—

**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, 2013:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
James J. Cotter, Sr.	—	\$ —	125,209	\$ 937,815
Ellen M. Cotter	75,000	\$ 300,750	—	\$ —
Wayne Smith	50,000	\$ 200,500	—	\$ —

**Pension Benefits**

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2013:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James J. Cotter, Sr.	SERP	26	\$ 7,398,000	\$ —
Andrzej Matyczynski	CFO DCP	4	\$ 300,000	\$ —

**Payments Upon Termination or Change in Control**

We have entered into the following termination arrangements with the following named executive officer:

*Andrzej Matyczynski.* Pursuant to his employment agreement, Mr. Matyczynski is entitled to a severance payment equal to six months' salary in the event his employment is involuntarily terminated.

*Wayne Smith.* Pursuant to his employment agreement, Mr. Smith is entitled to a severance payment equal to six months' salary if the Reading Board terminates his employment for not meeting the standards of anticipated performance.

No other named executive officers have termination benefits in their employment agreements. None of our employment agreements with our named executive officers have provisions relating to change in control.

**Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman. There are no "interlocks," as defined by the SEC, with respect to any member of our Compensation Committee.

**CERTAIN TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chairman. Management presents all potential related party transactions to

the Conflicts Committee for review. Our Conflicts 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.

#### **Sutton Hill Capital**

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the 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 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 to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by James J. Cotter and a third party and of which Mr. Cotter is the managing member. The Village East is the only cinema that remains subject to this lease and during 2013, 2012, and 2011, we paid rent to SHC for this cinema in the amount of \$590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. 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 are advised by SHC that they intend to exercise their put option this year. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their \$3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP. We manage this cinema property for a management fee equal to 5% of its gross income.

In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their \$3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP.

#### **OBI Management Agreement**

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of James J. Cotter and a member of our Board of Directors.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex

in Chicago on a fee basis based on theater cash flow. In 2013, OBI Management earned \$401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned \$390,000, which was 19.7% of net cash flows for the year. In 2011, OBI Management earned \$398,000, which was 19.4% of net cash flows for the year. In each year, 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.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

#### **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. Messrs. James J. Cotter and 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**

During 2012, Mr. James J. Cotter, our Chairman, Chief Executive Officer and controlling shareholder, contributed \$2.5 million of cash and \$255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, in which Mr. Cotter owns a 50% interest. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by the Audit and Conflicts Committee of our Board of Directors.

#### **Certain Family Relationships**

Mr. Cotter, Sr., our controlling stockholder, has advised the Board of Directors that he considers his holdings in our Company to be long-term investments to be passed onto his heirs. The Directors believe that it is in the best interests of our Company and our stockholders for his heirs to become experienced in our operations and affairs. Accordingly, all of Mr. Cotter, Sr.'s children are currently involved with our Company and all serve on our Board of Directors.

#### **Certain Miscellaneous Transactions**

We have loaned Mr. Robert Smerling, the President of our domestic cinema operations, \$70,000 pursuant to an interest-free demand loan that antedated the effective date of the Sarbanes-Oxley prohibition on loans to Directors and officers.

#### **INDEPENDENT PUBLIC ACCOUNTANTS**

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2013, 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 2013 and 2012 were approximately \$550,000 and \$593,000, respectively.

**Audit-Related Fees**

Grant Thornton, LLP did not provide us any audit related services for both 2013 and 2012.

**Tax Fees**

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for both 2013 and 2012.

**All Other Fees**

Grant Thornton, LLP did not provide us any other services than as set forth above for both 2013 and 2012.

**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 member(s) who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2013 and 2012.

**STOCKHOLDER COMMUNICATIONS****Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board of Directors 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 2015 Annual Meeting of

Stockholders, must deliver such proposal in writing to the Secretary of the Company 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 annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than January 6, 2015 to be considered timely. If our 2015 Annual Meeting is not within 30 days of the anniversary of our 2014 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 2015 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2015 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, 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 Board of Directors 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 of Directors.

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.

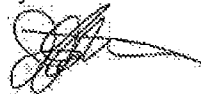
#### DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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,



James J. Cotter, Sr., Chairman  
Dated: April 25, 2014

**PROXY CARD**

**Electronic Voting Instructions**  
 You can vote by Internet or telephone!  
 Available 24 hours a day, 7 days a week!  
 Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.  
**VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR**  
 Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 15, 2014.  
**Vote by Internet**  
 Log on to the Internet and go to [www.investorvote.com/RDI](http://www.investorvote.com/RDI)  
 Follow the steps outlined on the secured website.  
**Vote by telephone**  
 Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.  
 Follow the instructions provided by the recorded message.

**Annual Meeting Proxy Card**

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**A. Proposals****1. Election of Directors – The Board of Directors recommends a vote FOR all the nominees listed.**

Nominees:	For	Withhold		For	Withhold		For	Withhold
01 - James J. Cotter, Sr.	<input type="checkbox"/>	<input type="checkbox"/>	02 - James J. Cotter, Jr.	<input type="checkbox"/>	<input type="checkbox"/>	03 - Ellen M. Cotter	<input type="checkbox"/>	<input type="checkbox"/>
04 - Margaret Cotter	<input type="checkbox"/>	<input type="checkbox"/>	05 - Guy W. Adams	<input type="checkbox"/>	<input type="checkbox"/>	06 - William D. Gould	<input type="checkbox"/>	<input type="checkbox"/>
07 - Edward L. Kane	<input type="checkbox"/>	<input type="checkbox"/>	08 - Douglas J. McEachern	<input type="checkbox"/>	<input type="checkbox"/>	09 - Tim Storey	<input type="checkbox"/>	<input type="checkbox"/>

**2. Advisory vote on executive officer compensation – The Board of Directors recommends a vote FOR approval of the advisory and non-binding vote on the Company's named executive officer compensation.**

For	Against	Withhold
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**3. 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.**B. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below**

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustees, etc., should give their full titles.

Date (mm/dd/yyyy) – Please print date below.

Signature 1 – Please keep signature within the box.

Signature 2 – Please keep signature within the box.

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IF VOTING BY MAIL, YOU **MUST** COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.



9/20/2016

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**Proxy - READING INTERNATIONAL, INC.**

**PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS - TO BE HELD MAY 15, 2014  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints James J. Cotter, Sr. 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 offices of Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014 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, 2, 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.**

**PLEASE SIGN AND DATE ON REVERSE SIDE**

**C. Non-Voting Items**

Change of Address – Please print new address below.

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**Meeting Attendance**

Mark the box to the right if you  
plan to attend the Annual Meeting. ☐

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.**

Data provided by Morningstar Document Research Service provided by

# **EXHIBIT 28**

9/20/2016

Schedule 14A 2015 Proxy Statement

READING INTERNATIONAL INC filed this DEF 14A on 10/20/2015

[Outline](#)   [Back to Results](#)   [Printer Friendly](#)

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: \_\_\_\_\_



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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON TUESDAY, NOVEMBER 10, 2015**

**TO THE STOCKHOLDERS:**

The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, on Tuesday, November 10, 2015, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to serve until the Company's 2016 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2015; and
3. 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, 2014 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on October 6, 2015 are entitled to notice of and to vote at the 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 or by completing and mailing the enclosed proxy 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 submitted a proxy.

By Order of the Board of Directors