

# **EXHIBIT 6**

**Confidential – Filed Under Seal**

# **EXHIBIT 7**

**Confidential – Filed Under Seal**

1 Plaintiff's own purported "legal" expert, Myron Steele, admits: "I am aware of no case  
2 law that discusses the fiduciary duties and standards applicable to the appointment of officers."  
3 Report of Myron Steele at 29. Indeed, as Plaintiff admits, the RDI Board did not undertake a  
4 CEO search before appointing Plaintiff as CEO. (HD Ex. 1 at 75:20-25.)

5 **B. The Business Judgment Rule Shields the Individual Defendants from**  
6 **Liability**

7 The business judgment rule is a "presumption that in making a business decision the  
8 directors of a corporation acted on an informed basis, in good faith and in the honest belief that  
9 the action taken was in the best interests of the company." *Shoen v. SAC Holding Corp.*, 122  
10 Nev. 621, 632 (2006) (citation omitted); *see also* NRS 78.138(3) (codifying the rule under  
11 Nevada law). "The business judgment rule postulates that if directors' actions can arguably be  
12 taken to have been done for the benefit of the corporation, then the directors are presumed to  
13 have been exercising their sound business judgment rather than to have been responding to self-  
14 interest motivation." *Horwitz v. Sw. Forest Indus., Inc.*, 604 F. Supp. 1130, 1135 (D. Nev.  
15 1985). "An application of the traditional business judgment rule places the burden on the 'party  
16 challenging the [board's] decision to establish facts rebutting the presumption.'" *Unitrin, Inc. v.*  
17 *Am. Gen. Corp.*, 651 A.2d 1361, 1373 (Del. 1995) (citing *Aronson v. Lewis*, 473 A.2d 805, 812  
18 (Del. 1984)). "[T]he business judgment rule shields directors from personal liability if, upon  
19 review, the court concludes the directors' decision can be attributed to any rational business  
20 purpose." *Unitrin, Inc.*, 651 A.2d at 1373. "[E]ven a bad decision is generally protected by the  
21 business judgment rule." *Shoen*, 122 Nev. at 636. Under Delaware law, the business judgment  
22 rule applies to decisions regarding employment of corporate officers. *See In re Walt Disney Co.*  
23 *Derivative Litig.*, 906 A.2d 27, 69-73 (Del. 2006).

24 Here, the business judgment rule shields the RDI Board from liability because the RDI  
25 Board's decision to appoint Ellen Cotter as permanent CEO can be attributed to a number of  
26 "rational business purpose[s]"—*e.g.*, as Director Gould testified, benefitting from selecting a  
27 CEO who has the confidence of the senior management team; is known to and respected by the  
28

1 Board of Directors, knows the Company, and provides management stability.<sup>4</sup> When  
2 considering Ellen Cotter's qualifications to be permanent CEO, Directors Guy Adams and  
3 Edward Kane advised the RDI Board that, independent of the Search Committee Report and the  
4 recommendation of the Search Committee, "based on their own interaction and experience as  
5 Directors with Ellen Cotter, they believed that she was qualified and the right candidate for the  
6 job and that her appointment as President and Chief Executive Officer was in the best interests of  
7 the Company and its stockholders." (HD Ex. 11 at RDI0054763.) Judy Coddington and Michael  
8 Wrotniak stated that, "based on their own more limited interaction and experience as Directors  
9 with Ellen Cotter, they too believed that she was qualified and the right candidate for the job, and  
10 that her appointment as President and Chief Executive Officer was in the best interests of the  
11 Company and its stockholders." (*Id.*)

12 Furthermore, the decision to appoint Ellen Cotter was fully deliberated and carefully  
13 considered by the Board of Directors. First, the uncontroverted evidence shows that, prior to  
14 their decision, the RDI Board received information about the CEO search and the Search  
15 Committee's recommendation. Three days prior to the RDI Board meeting scheduled for  
16 January 8, 2016, a Draft Report and Recommendation of the CEO Search Committee was  
17 circulated to all nine members of RDI's Board. (*See id.* Ex. 10 at JCOTTER008284-85.) The  
18 seven page Search Committee Report described, among other things, the background of the CEO  
19 search, the work of the Search Committee, the topics discussed by the Search Committee, and  
20 the Search Committee's Determination. (*Id.* Ex. 3 at JCOTTER008291-97.) Attached to the  
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22 <sup>4</sup> Plaintiff's purported expert, Myron Steele, alleges that Ellen Cotter and Margaret  
23 Cotter "revised the search criteria to more closely align with their wishes, including adding a  
24 requirement that the CEO be aligned with the majority stockholders." Report of Myron Steele at  
25 30. But Mr. Steele does not have any evidence, only idle speculation, to support this assertion.  
26 Moreover, the business judgment rule would still shield the Individual Defendants from liability,  
27 because even the decision to revise the search criteria to purportedly require that the CEO be  
28 aligned with the majority stockholders can be attributed to "rational business purpose[s]"—e.g.,  
decreasing the likelihood of distracting discord between the CEO and significant stockholders  
and thereby increasing the likelihood that the CEO wants to stay at RDI. *See Unitrin*, 651 A.2d  
at 1373 ("[T]he business judgment rule shields directors from personal liability if, upon review,  
the court concludes the directors' decision can be attributed to any rational business purpose.").



1 Search Committee Report were: (1) a copy of the Company's agreement with Korn Ferry; (2) a  
2 copy of the "position specification" prepared by Korn Ferry; and (3) copies of the resumes of  
3 each of the six external candidates presented by Korn Ferry and interviewed by the Search  
4 Committee. (*See id.* at JCOTTER008291-365.)

5 Second, the uncontroverted evidence shows that the RDI Board deliberated about the  
6 CEO search at an RDI Board meeting on January 8, 2016. (*See id.* Ex. 11 at RDI0054762-65.)  
7 After William Gould reviewed the Search Committee Report with the RDI Board, "going  
8 through in some detail the procedures followed by the CEO Search Committee," the directors  
9 participated in a discussion. (*Id.* at RDI0054762-73.) The RDI Board also discussed "the  
10 procedures followed, the appropriateness of such procedures, and the appropriateness of the  
11 appointment of Ellen Cotter as permanent President and Chief Executive Officer." (*Id.* at  
12 RDI0054764.) Seven of the nine RDI directors voted to appoint Ellen Cotter as permanent CEO  
13 and President. (*Id.*) Thus, the RDI Board's decision was protected by the business judgment  
14 rule.

15 **C. Though Not Required, A Thorough Search Was Conducted**

16 Accordingly, even if a search had been required (it was not), Plaintiff cannot meet the  
17 gross negligence showing required to strip the Individual Defendants of the protections of the  
18 business judgment rule. The Nevada Supreme Court has stated that, "[w]ith regard to the duty of  
19 care, the business judgment rule does not protect the gross negligence of uninformed directors  
20 and officers[.]" *Shoen*, 122 Nev. at 640. Gross negligence is the "reckless indifference to or a  
21 deliberate disregard of the whole body of stockholders' or actions which are 'without the bounds  
22 of reason'." *Kahn v. Roberts*, No. C.A. 12324, 1995 WL 745056, at \*4, 8, 9 (Del. Ch. Dec. 6,  
23 1995) (finding "no evidence from which any reasonable person could infer Defendants were  
24 grossly negligent" and granting defendants' motion for summary judgment dismissing plaintiff's  
25 claims for breach of the duty of care and breach of duty of candor) (citations omitted), *aff'd sub*  
26 *nom. Kahn on Behalf of DeKalb Genetics Corp. v. Roberts*, 679 A.2d 460 (Del. 1996).

27 Here, there is no evidence of "reckless indifference to or a deliberate disregard of the  
28 whole body of stockholders' or actions which are 'without the bounds of reason'." *Kahn*, 1995

1 WL 745056, at \*4. Nor can Plaintiff produce evidence that the Individual Defendants' actions  
2 were "so egregious" as to be grossly negligent. *See McMillan v. Intercargo Corp.*, 768 A.2d  
3 492, 505 (Del. Ch. 2000) (stating that a plaintiff is "obligat[ed] to set forth facts from which one  
4 could infer that the defendants' lack of care was so egregious as to meet Delaware's onerous  
5 gross negligence standard[]" and granting directors' motion for judgment on the pleadings).  
6 Rather, the uncontroverted evidence shows that the Search Committee conducted a thorough  
7 search, decided to bring the search to an end once they found the appropriate candidate, then  
8 presented their results to the Board of Directors for discussion and consideration. There is  
9 nothing unusual, much less grossly negligent, about conducting the CEO search in such a  
10 manner.

11 **D. The RDI Board Is Protected from Liability by Nevada Revised Statute §**  
12 **78.138(7)**

13 Even if Individual Defendants had breached some fiduciary duty, they are statutorily  
14 immune to individual liability where, like here, the breach did not involve intentional  
15 misconduct, fraud, or a knowing violation of law. Nevada Revised Statute § 78.138(7) provides,  
16 in relevant part:

17 [A] director or officer is not individually liable to the corporation or its  
18 stockholders or creditors for any damages as a result of any act or failure to act in  
19 his or her capacity as a director or officer unless it is proven that: . . . (b) The  
20 breach of those duties involved intentional misconduct, fraud or a knowing  
21 violation of law.

22 In other words, "directors and officers may only be found personally liable for breaching their  
23 fiduciary duty of loyalty if that breach involves intentional misconduct, fraud, or a knowing  
24 violation of the law." *Shoen*, 122 Nev. at 640 (citing Nev. Rev. Stat. § 78.138(7)); *In re AgFeed*  
25 *USA, LLC*, 546 B.R. 318, 330-31 (Bankr. D. Del. 2016) (citing *Shoen* and concluding that "the  
26 second cause of action fail[ed] to state a claim for breach of the duty of loyalty because the  
27 complaint [fell] well short of alleging intentional misconduct, fraud, or a knowing violation of  
28 the law."); *see also Stewart v. Kroeker*, No. CV04-2130L, 2006 WL 167938, at \*1, 2, 6-7 (W.D.  
Wash. Jan. 23, 2006) (stating that "plaintiffs are required to show not only that defendants'  
actions or omissions constituted a breach of their fiduciary duties, but also that the 'breach of

1 those duties involved intentional misconduct, fraud or a knowing violation of law[,]” applying  
2 NRS § 78.138(7)(b) to multiple claims, and granting motion for summary judgment).

3 “As for the terms *knowing violation* and *intentional misconduct*,” the Tenth Circuit has  
4 stated that “both require knowledge that the conduct was wrongful.” *In re ZAGG Inc. S’holder*  
5 *Derivative Action*, No. 15-4001, 2016 WL 3389776, at \*7, 11 (10th Cir. June 20, 2016)  
6 (affirming dismissal of complaint because Plaintiffs failed to adequately plead that presuit  
7 demand on the Board would have been futile) (emphasis in original). Thus, in order for Plaintiff  
8 to avoid summary judgment, Plaintiff must show either that (1) each Defendant engaged in  
9 misconduct or a violation of law, knowing that the conduct was wrongful; or (2) each Defendant  
10 engaged in fraud.

11 **1. Plaintiff Cannot Show Intentional Misconduct or a Knowing**  
12 **Violation of the Law**

13 Again, Plaintiff and his expert cannot point to any law governing fiduciary duties of  
14 directors applicable to the appointment of officers. As such, Plaintiff cannot show any  
15 intentional misconduct or knowing violation of the law in relation to the CEO search.  
16 Furthermore, Plaintiff cannot produce evidence showing that Individual Defendants engaged in  
17 misconduct or a violation of the law, knowing that the conduct was wrongful, because no such  
18 evidence exists.

19 **2. Plaintiff Cannot Show Fraud**

20 Plaintiff cannot produce evidence showing that the appointment of Ellen Cotter as CEO  
21 involved fraud, because no such evidence exists. Plaintiff alleges that statements in proxy  
22 statements and a press release were materially misleading; Plaintiff, however, cannot show fraud  
23 through such statements because they were made subsequent to the appointment of Ellen Cotter.  
24 Even if subsequent misleading statements could show fraud under Nevada Revised Statute  
25 § 78.138(7), for the reasons discussed below, the purportedly misleading statements identified by  
26 Plaintiff do not show fraud.  
27  
28

1 (a) **Individual Defendants Are Protected from Liability Because**  
2 **There Is No Evidence of an Undisclosed Plan**

3 Plaintiff alleges that page 11 of the 2015 Proxy Statement was materially misleading  
4 because “Plaintiff is informed and believes that the undisclosed plan is to make EC President and  
5 CEO after conducting a search the purpose of which is to create the misimpression of a bona fide  
6 process[.]” (SAC ¶ 135(d).) But Plaintiff cannot produce evidence showing that such a plan  
7 existed, because there is none. On the contrary, the uncontroverted evidence shows that RDI  
8 engaged a search firm, interviewed a number of candidates, and chose Ellen Cotter as CEO after  
9 a discussion by the full Board. (See HD Ex. 3 at JCOTTER008291; Ex. 6; Ex. 11 at  
10 RDI0054762-65.)

11 (b) **Individual Defendants Are Protected from Liability Because**  
12 **the CEO Search Was Accurately Described as Thorough**

13 Plaintiff alleges that the statement in a press release on January 11, 2016 was “materially  
14 misleading if not inaccurate, including because it implies erroneously that the selection of [Ellen  
15 Cotter] was the result of a (supposedly) ‘thorough search process.’” (SAC ¶ 101(f).) But, as  
16 demonstrated above in Section IV.B, the uncontroverted evidence shows that the RDI Board did  
17 engage in a detailed search process. Therefore, the statement was not fraudulent, impliedly or  
18 otherwise.

19 (c) **Individual Defendants Are Protected from Liability Because**  
20 **the Discussion of the CEO Search in the 2016 Proxy Was Not**  
21 **Misleading**

22 Plaintiff alleges that 2016 Proxy Statement was materially misleading because “[i]t  
23 describes (at page 8) the supposed CEO search in a manner that implies that EC timely resigned  
24 from the CEO search committee, that that committee relied on Korn Ferry and that Korn Ferry  
25 evaluated EC as a candidate for the CEO position[.]” (SAC ¶ 136(b).) However, the text  
26 discussing the CEO search on page 8 of the 2016 Proxy Statement cannot be read to suggest such  
27 implications. First, the text states: “Ellen M. Cotter resigned from the Search Committee when  
28 she concluded that she was a serious candidate for the position.” (HD Ex. 13 (2016 Proxy  
Statement) at 8.) This statement is indisputably accurate. Second, the text refers to Korn Ferry  
only twice, stating: (1) “The Board . . . retained Korn Ferry to evaluate candidates for the Chief

1 Executive Officer position[;]" and (2) "Korn Ferry screened over 200 candidates and ultimately  
2 presented six external candidates to the Search Committee." (*Id.*) This statement is also  
3 indisputably accurate. These two sentences do not suggest, as Plaintiff asserts, that the Search  
4 Committee "relied on Korn Ferry and that Korn Ferry evaluated EC as a candidate for the CEO  
5 position[.]" (SAC ¶ 136(b).)

6 In sum, in the absence of intentional misconduct, fraud, or a knowing violation of the  
7 law, Individual Defendants are therefore statutorily immune from any potential liability based on  
8 the appointment of Ellen Cotter as CEO and President.

9 **E. There Are No Damages from the Appointment of Ellen Cotter as CEO**

10 Another independent reason to grant Individual Defendants' motion is that Plaintiff  
11 cannot demonstrate any injury from the appointment of Ellen Cotter as CEO. To avoid summary  
12 judgment, Plaintiff must produce cognizable evidence showing damages, an essential element of  
13 a breach of fiduciary duty claim. *See Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234,  
14 1245 (D. Nev. 2008) (A claim for breach of fiduciary duty requires a plaintiff to demonstrate  
15 "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused  
16 the damages.") (applying Nevada law).

17 Plaintiff's testimony exposes his inability to demonstrate any damages from the  
18 appointment of Ellen Cotter as CEO. Asked about Ellen Cotter's performance as CEO, Plaintiff  
19 admitted that "[t]here's nothing that would lead [him] to believe that she's doing a good job, a  
20 bad job." (HD Ex. 12 at 558:25-559:15.)

21 In support of a damages claim, Plaintiff has served the report of his purported expert,  
22 Tiago Duarte-Silva. [REDACTED]

23 [REDACTED]  
24 [REDACTED]. (Silva Rep., ¶ 36.) Nevertheless, Dr. Duarte-Silva's report does not provide  
25 any evidence of damages because it does not even try to establish that the appointment of Ellen  
26 Cotter as CEO, or any action or decision made by Ellen Cotter as CEO has caused any of the  
27 purported losses. There is not a single sentence in Dr. Duarte-Silva's report that attempts to tie  
28

1 the supposed declines in Reading's stock value to anything Ellen Cotter has done as CEO.<sup>5</sup>  
2 Because Dr. Duarte-Silva has not reviewed any of the deposition testimony in this case, and has  
3 only looked at one document produced in discovery, he in fact has no idea what Ellen Cotter has  
4 done as CEO. (Silva Rep., Ex. 2.) Dr. Duarte-Silva does not know how, if at all, the direction  
5 or implementation of Reading's corporate strategy changed after Plaintiff was terminated. He  
6 does not know if Plaintiff would have done anything differently than Ellen Cotter had he  
7 remained CEO. He does not know how, if at all, the Company has changed its approach to  
8 cinema exhibition or real estate since Plaintiff was fired. A claim for breach of fiduciary duty  
9 requires that a plaintiff demonstrate "that the breach proximately caused the damages." See  
10 *Brown*, 531 F. Supp. 2d at 1245. Mr. Duarte-Silva's assertions regarding RDI's performance  
11 since Ellen Cotter's appointment as CEO are meaningless unless proximate causation is  
12 established, which Mr. Duarte-Silva does not and cannot purport to do.

13 Additionally, Plaintiff's allegation that "the engagement and payment of Korn Ferry . . .  
14 amounts to waste of at least the monies paid to Korn Ferry[.]" (SAC ¶ 166), fails as a matter of  
15 law. "To recover on a claim of corporate waste, the plaintiffs must shoulder the burden of  
16 proving that the exchange was 'so one sided that no business person of ordinary, sound judgment  
17 could conclude that the corporation has received adequate consideration.'" *Walt Disney*, 906  
18 A.2d at 74. "A claim of waste will arise only in the rare, 'unconscionable case where directors  
19 irrationally squander or give away corporate assets.'" *Id.* Here, there is no genuine dispute that  
20 the exchange of RDI's money for Korn Ferry's services was not so one sided as to be  
21 unconscionable. Instead, the uncontroverted evidence shows that Korn Ferry "researched over  
22 200 prospective candidates, had contact with approximately 60, interviewed 11, and ultimately  
23 presented six external candidates to [RDI's Search] Committee." (HD Ex. 3 at  
24  
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26 <sup>5</sup> Defendants have moved to exclude the proposed expert testimony of Dr. Duarte-Silva on  
27 the basis of, *inter alia*, his failure to offer testimony demonstrating or even suggesting there is  
28 any causal connection between the supposed losses he observes and any action by Defendants.  
See Defendants' Motion *In Limine* to Exclude Expert Testimony.

1 JCOTTER008292.) Even Plaintiff's own expert refers to Korn Ferry as a "reputable search  
2 firm." (Spitz Rep., ¶ 43). Accordingly, Plaintiff's waste claim fails as a matter of law.

3 Thus, Plaintiff cannot demonstrate injury—a deficiency fatal to all his fiduciary duty  
4 claims to the extent they are based on the appointment of Ellen Cotter as CEO.<sup>6</sup>

5 **V. CONCLUSION**

6 For the foregoing reasons, the Individual Defendants respectfully request that the Court  
7 grant them summary judgment as to the First, Second, Third, and Fourth Causes of Action set  
8 forth in Plaintiff's SAC, to the extent that they assert claims and damages related to the  
9 appointment of Ellen Cotter as CEO.

10 Dated: September 23, 2016  
11

12 **COHEN|JOHNSON|PARKER|EDWARDS**

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23  
24 <sup>6</sup> As discussed in Section IV.C of Individual Defendants' Motion for Summary  
25 Judgment on Plaintiff's Termination and Reinstatement Claims, Plaintiff's demand for  
26 reinstatement is untenable and unsupportable. So, too, is any demand to remove Ellen Cotter  
27 from the position of President and CEO. There are strong policy reasons against compelling the  
28 Board to remove Ellen Cotter against its wishes, including the difficulty of supervision. If  
removed, Ellen Cotter could simply be appointed again by the Board, another factor cutting  
against reinstatement since equity does not require the taking of futile actions. Months have  
elapsed since Ellen Cotter's appointment as interim CEO in June 2015 and permanent CEO in  
January 2016, which also counsels against her removal.

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1                   **DECLARATION OF COUNSEL NOAH S. HELPERN IN SUPPORT OF**  
2                   **THE INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY**  
3                   **JUDGMENT (NO. 5) ON PLAINTIFF'S CLAIMS RELATED TO THE**  
                    **APPOINTMENT OF ELLEN COTTER AS CEO**

4                   I, Noah Helpern, state and declare as follows:

5                   1.       I am a member of the Bar of the State of California, and am an attorney with the  
6                   law firm of Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel"), attorneys for  
7                   Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy  
8                   Coddington, and Michael Wrotniak. I make this declaration based upon personal, firsthand  
9                   knowledge, except where stated to be on information and belief, and as to that information, I  
10                  believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally  
11                  competent to testify to its contents in a court of law.

12                 2.       Attached hereto as Exhibit 1 is a true and correct copy of transcript excerpts from  
13                  the deposition of James J. Cotter, Jr. ("Plaintiff"), taken on May 16, 2016.

14                 3.       Attached hereto as Exhibit 2 is a true and correct copy of RDI's 2015 Proxy  
15                  Statement.

16                 4.       Attached hereto as Exhibit 3 is a true and correct copy of the Board Package  
17                  containing Draft Report and Recommendation for the CEO Search Committee dated December  
18                  31, 2015 for the RDI Board Meeting, held on January 8, 2016.

19                 5.       Attached hereto as Exhibit 4 is a true and correct copy of transcript excerpts from  
20                  the deposition of Ellen Cotter, taken on June 16, 2016.

21                 6.       Attached hereto as Exhibit 5 is a true and correct copy of transcript excerpts from  
22                  the deposition of William Gould, taken on June 29, 2016.

23                 7.       Attached hereto as Exhibit 6 is a true and correct copy of an email sent by  
24                  Anjelica Zalin at Korn Ferry re: interviews of [REDACTED]  
25                  [REDACTED], dated November 2, 2015.

26                 8.       Attached hereto as Exhibit 7 is a true and correct copy of an email sent by Laura  
27                  Batista at RDI re: interview of [REDACTED], dated November 17, 2015.

28                 9.       Attached hereto as Exhibit 8 is a true and correct copy of transcript excerpts from

1 the deposition of William Gould, taken on June 8, 2016.

2 10. Attached hereto as Exhibit 9 is a true and correct copy of the Minutes of the  
3 Meeting of the Search Committee, held on December 29, 2015.

4 11. Attached hereto as Exhibit 10 is a true and correct copy of an email sent by Susan  
5 Villeda at RDI to all nine RDI Board Members re: Draft Report and Recommendation of the  
6 CEO Search Committee, dated January 5, 2016.

7 12. Attached hereto as Exhibit 11 is a true and correct copy of the Minutes of the  
8 Meeting of the RDI Board of Directors held on January 8, 2016.

9 13. Attached hereto as Exhibit 12 is a true and correct copy of transcript excerpts  
10 from the deposition of Plaintiff, taken on May 17, 2016.

11 14. Attached hereto as Exhibit 13 is a true and correct copy of RDI's 2016 Proxy  
12 Statement.

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

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

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

17

18 /s/ Noah Helpern  
19 Noah Helpern

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# EXHIBIT 1

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

READING INTERNATIONAL, INC.,  
a Nevada corporation,  
Nominal Defendant.

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.  
Los Angeles, California  
Monday, May 16, 2016  
Volume I

Reported by:  
JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2312188  
Pages 1 - 297

1 T2 PARTNERS MANAGEMENT, LP, a  
2 Delaware limited partnership,  
3 doing business as KASE CAPITAL  
4 MANAGEMENT, et al.,  
5 Plaintiffs,  
6 vs.  
7 MARGARET COTTER, ELLEN COTTER,  
8 GUY ADAMS, EDWARD KANE, DOUGLAS  
9 McEACHERN, WILLIAM GOULD, JUDY  
10 CODDING, MICHAEL WROTONIAK, CRAIG  
11 TOMPKINS, and DOES 1 through 100,  
12 inclusive,  
13 Defendants.  
14 and  
15 READING INTERNATIONAL, INC., a  
16 Nevada corporation,  
17 Nominal Defendant.

18  
19 Videotaped Deposition of JAMES COTTER, JR.,  
20 Volume I, taken at 865 South Figueroa Street,  
21 10th Floor, Los Angeles, California, commencing  
22 at 10:09 a.m. and ending at 5:40 p.m., Monday,  
23 May 16, 2016, before Janice Schutzman, CSR No. 9509.

24  
25 PAGES 1 - 297

Page 2

1 MR. KRUM: Objection --

2 BY MR. TAYBACK:

3 Q. -- because you're a Cotter?

4 MR. KRUM: Objection, foundation.

5 THE WITNESS: Mr. Tayback, you'd have to 11:22:32  
6 ask the directors who appointed me. I don't know  
7 what they were thinking.

8 BY MR. TAYBACK:

9 Q. Well, you were on the board; correct?

10 A. I was. 11:22:38

11 Q. Did the board -- before appointing you as  
12 CEO, did the board undertake a CEO search?

13 A. Since 2009, the board agreed to a  
14 succession plan that I would succeed my father in  
15 the event he became incapacitated or resigned from 11:23:00  
16 the board. And that succession plan was in place as  
17 early, to my knowledge, as 2009.

18 Q. So the answer's no?

19 A. Right.

20 Q. So when I say did the board -- before 11:23:15  
21 appointing you as CEO, did the board undertake a CEO  
22 search, the answer's no?

23 A. The answer is no.

24 Q. And the succession plan that you described,  
25 that was a succession plan that you understood 11:23:32

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1 experience. The sole reason he was being appointed  
2 to the board was because Margaret Cotter wanted him  
3 on the board.

4 And so we had a special nominating  
5 committee, which is another illustration of the lack 11:26:38  
6 of process, where the members of the special  
7 nominating committee went out and interviewed  
8 directors but, at the end of the day, they made the  
9 decision that ultimately the decision that they  
10 could make -- had to make was the decision of 11:27:00  
11 whatever the controlling stockholder wanted them to  
12 make. And so, you know, Michael Wrotniak was  
13 appointed to the -- recommended to be appointed to  
14 the board.

15 And so on a general level, yes, I feel as 11:27:16  
16 though he was not independent.

17 BY MR. TAYBACK:

18 Q. And the lack -- his lack of independence  
19 stems from his -- I may not have followed it.

20 His sister's best friend was friends with 11:27:32  
21 Margaret Cotter?

22 A. Michael's wife is my sister Margaret  
23 Cotter's best friend whom Margaret has known since,  
24 I believe, the first year of college.

25 Q. Mr. Gould, is he independent? 11:27:52

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1 MR. KRUM: Same objections.

2 THE WITNESS: Again, technically, he may be  
3 independent. Yes. I mean --

4 BY MR. TAYBACK:

5 Q. Yes, he's independent, in your view? 11:28:22

6 A. I mean, I'm -- again, Mr. Tayback, I'm not  
7 a lawyer. I -- so I don't --

8 Q. I'm not asking the legal definition. I'm  
9 asking your view. You've stated that some people in  
10 your view aren't independent, and so now I'm asking 11:28:33  
11 about these other people.

12 Mr. Gould, in your view, is he independent?

13 A. Technically, I believe he's independent.

14 Q. Technically.

15 Are you giving me a legal definition there, 11:28:47  
16 or are you telling me --

17 A. I don't --

18 Q. -- what you think?

19 You don't know.

20 So with respect to -- I mean, all the other 11:28:54  
21 people we've asked about, Ms. Coddington, Mr. Wrotniak,  
22 you said, I'm not giving you the legal definition,  
23 I'm telling you what I think.

24 A. Right.

25 Q. Because you expressed a concern that there 11:29:03



1       aren't enough independent directors on the board and  
2       on this executive committee, and I'm trying to find  
3       out if you have a view as to whether Mr. Gould is  
4       independent or not.

5               And you think, in your view, he's               11:29:13  
6       independent?

7               A.     For a period of time, Bill was independent  
8       but has -- yes, I mean, he is independent.

9               Q.     Okay. And why do you think he's  
10       independent?   11:29:23

11               Does he have no connection to your family?

12               A.     At least he doesn't have a relationship  
13       going back with me and my two sisters that would be  
14       of such that would question his independence.

15               Q.     How long have you known Mr. Gould?               11:29:44

16               A.     Maybe since -- at least since 2002.

17               Q.     Was he a friend of your father's?

18               A.     He was.

19               Q.     A close friend?

20               A.     I don't know. I mean, he was a business               11:30:03  
21       associate with my dad's. I wouldn't describe him as  
22       a close friend.

23               Q.     So he did business with your father?

24               A.     He's -- I think he's been on the board for  
25       a number years, going back to perhaps 1985.               11:30:16

1 He would often go out to dinner with the two of them  
2 and his family.

3 I really didn't have that level. So I  
4 would describe my two sisters' relationship with Ed  
5 Kane and his family to be different than the one 11:33:59  
6 that I had.

7 BY MR. TAYBACK:

8 Q. And do you feel that was your choice or his  
9 choice to not have that kind of relationship with  
10 Mr. Kane? 11:34:08

11 A. I mean, I don't know what he was thinking.  
12 I just didn't have it with him. I mean, I --

13 Q. Were there occasions where you asked him to  
14 go to dinner more and he --

15 A. No.

16 Q. -- wouldn't?

17 A. No, no, no. No. I would never -- outside  
18 of Reading, my interaction with Ed Kane and his  
19 family was limited, or certainly much more limited  
20 than Ellen and Margaret's. 11:34:37

21 Q. Mr. McEachern, is he independent, in your  
22 view?

23 A. Yes. I mean, he's -- I mean, again, he's  
24 independent. He's got no relationship with Ellen  
25 and Margaret or, you know, no business relationship 11:34:58

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1 with Ellen and Margaret. So --

2 Q. No business relationship -- Mr. Kane has no  
3 business relationship with Ellen and Margaret also;  
4 correct?

5 A. That's correct. 11:35:20

6 Q. So in your view, Mr. McEachern is  
7 independent and has always been independent?

8 MR. KRUM: Asked and answered.

9 THE WITNESS: Yeah, the testimony speaks  
10 for itself. 11:35:30

11 BY MR. TAYBACK:

12 Q. So the answer's yes?

13 MR. KRUM: Well, asked and answered. He  
14 said what he said.

15 BY MR. TAYBACK:

16 Q. Well, was your answer --

17 MR. KRUM: But it was yes with an  
18 explanation.

19 Do you want him to withdraw the  
20 explanation? 11:35:41

21 MR. TAYBACK: No. I was going to say, he's  
22 independent and he's always been independent.

23 BY MR. TAYBACK:

24 Q. I think you can answer it yes -- or not.

25 But I think the answer's yes, and I want to make 11:35:48

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1 BY MR. TAYBACK:

2 Q. So it's true, but you don't believe that  
3 you or your sisters said it?

4 A. I can't recall.

5 Q. Did you make any objection to the process 03:02:08  
6 by which you were appointed as CEO at this meeting?

7 A. No.

8 Q. Did you think the process was consistent  
9 with the fiduciary duty that these directors owed to  
10 the Reading shareholders? 03:02:29

11 MR. KRUM: Objection, vague and ambiguous.

12 THE WITNESS: Given the circumstances, I  
13 think it was.

14 BY MR. TAYBACK:

15 Q. What were the circumstances? 03:02:36

16 A. Well, my father had suddenly resigned from  
17 the company. In light of the succession plan, in  
18 light of the years I had been work at the company, I  
19 did not think it was a breach of fiduciary duty for  
20 the board to appoint me to serve as the company's 03:02:59  
21 chief executive officer.

22 Q. You think they needed to go through some  
23 larger process to maybe make a search for some  
24 replacement?

25 A. Again, given that I had been working since 03:03:12

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1 2007 at the company in the capacity as vice chairman  
2 and in the capacity as president since June of 2013  
3 and given that our bylaws provided that the  
4 president shall also be the chief executive officer  
5 unless the board appoints the chairman as the chief 03:03:36  
6 executive officer, I didn't even think that it was  
7 necessary for the board to take any action at that  
8 meeting on August 7th.

9 It would have happened by operation of our  
10 bylaws unless the board wanted to appoint the 03:03:53  
11 chairman at that time, who would have been Ellen, I  
12 guess. I don't know the sequencing here. But if  
13 they wanted to do that, they could have made her  
14 CEO.

15 So no, I don't think this board meeting was 03:04:13  
16 necessary. I mean, I don't think this appointment  
17 of me to the chief executive officer position was  
18 required. It would have happened by operation of  
19 our bylaws.

20 Q. As you understand it, if the board had made 03:04:27  
21 Ellen as chair, chairman, chairperson --

22 A. Right.

23 Q. -- CEO, that would have under the  
24 circumstances also been consistent with their  
25 fiduciary duties; correct? 03:04:42

# EXHIBIT 2

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



Ellen M. Cotter  
*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 auditors 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.readingrdi.com>, under "Investor Relations."

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## ABOUT THE ANNUAL MEETING AND VOTING

### Why am I receiving these proxy materials?

This proxy statement is being sent to all of our stock holders 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 J. 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, Chair person 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 other 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 Codding 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.

## PROPO SAL 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	Chair person of the Board , Interim Chief Executive Officer and President, and Chief Operating Officer – Domestic Cinemas (1)
Guy W. Adams .....	64	Director(1) ( 2 )
Judy Coddling .....	70	Director
James J. Cotter, Jr. ....	46	Director (3)
Margaret Cotter .....	47	Vice Chair person 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 Chair person 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 stakeholder 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 Pears on 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 Chair person 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 stakeholder 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 Chair person 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)				
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould				
Edward L. Kane	63,000	0	0	63,000

Douglas J. McEachern				
Tim Storey	51,000	0	21,000(3)	72,000
Alfred Villaseñor (4)				

(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

# 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)				
Margaret Cotter ( 3)(8)				
Guy W. Adams	--	--	--	--
Judy Coddling	--	--	--	--
William D. Gould ( 4 )		*	--	--
Edward L. Kane ( 5 )	17,500	*	100	*
Andrzej Matyczynski (12)		*	--	--
Douglas J. McEachern ( 6 )	37,300	*	--	--
Michael Wrotnink	--	--	--	--
Robert F. Smerling ( 7 )	43,750	*	--	--
Wayne Smith		*	--	--
<b>5% or Greater Stockholders</b>				
James J. Cotter Living Trust ( 8 )				
Estate of James J. Cotter, Sr. ( Deceased ) ( 8 )	326,800	1.5	427,808	25.5
Mark Cuban ( 10 )	72,164	*	207,611	13.1
5424 Deloache Avenue Dallas, Texas 75220				
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 Grantchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grantchildren'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 Grantchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grantchildren'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.

( 1 1 ) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on February 15, 2011.

( 1 2 ) The Class A Stock shown includes 12,500 shares subject to stock options.

(13) T he Class A Stock shown includes 13 9,25 0 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 Form s 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file three Form s 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file two Form s 4 with respect to one tran saction 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."

<u>Name</u>	<u>Age</u>	<u>Title</u>
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 Chair man 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 Chair man 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	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.
Glincher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

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 the 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 role 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:

December 31	Total Vested Amount at the End of Each Vesting Year
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

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 Chair man 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, Chair person 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)	2014	452,000	1,050,000	1,200,000	—	197,000 (3)	20,000 (4)	2,919,000
Former Chair man of the Board and Chief Executive Officer	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

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 - Domestic Cinemas	2013	335,000	--	--	--	--	25,000 (7)	360,000
	2012	335,000	60,000	--	--	--	25,000 (7)	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:



<u>Grant Date</u>	<u>Estimated Future Payouts Under Non- Equity Incentive Plan Awards</u>	<u>Estimated Future Payouts 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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<u>Name</u>	<u>Threshold (\$)</u>	<u>Target (\$)</u>	<u>Maximum (\$)</u>	<u>Threshold (#)</u>	<u>Target (#)</u>	<u>Maximum (#)</u>
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James J. Cotter, Sr.	12/31/2014	\$	1,200,000	\$	1,200,000	\$	1,200,000												
Wayne Smith	12/31/2014								6,000	6,000	6,000								
(1) 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 vest ed 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 15, 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**

Non-qualified 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 I. Cotter, Sr.	B	--	--	--	09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A	--	--	--	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	--	--	--	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	--	--	--	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
---------------	--------------

Name	Number of Shares		Number of Shares	
	Acquired on Exercise	Value Realized on Exercise (\$)	Acquired on Vesting	Value Realized on Vesting (\$)
James J. Cotter, Sr.	--	--	--	--
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		\$	\$--
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.

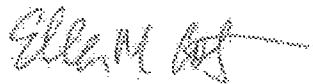
#### DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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

.....

## 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.PRXYCD.COM/READING

Use the Internet to transmit your voting instructions and to execute proxies in accordance with 11:59 p.m., PT, on November 9, 2015. Have your proxy card on hand when you access the web site and follow the instructions to access your remote and to create an electronic voting instruction form.

OR

#### VOTE BY TELEPHONE

1-888-333-7886

Use any touch-tone telephone to transmit your voting instructions through 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 the completed card, enclosed in the envelope provided to, FirstClass Mailbox, Inc., P.O. Box 5872, Irvine, CA 92618-5872.

If you vote your proxy by Internet or by telephone, you do not need to mail back your proxy card. If you Internet or telephone vote authorize the named person to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBER

☒ Submitting a proxy by mail, please sign and date the card below and fold and detach card of perforation before mailing. ☒

#### READING INTERNATIONAL ANNUAL MEETING PROXY CARD

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

##### Proposal 1

(01) Ellen M. Collier (02) Guy W. Adams (03) Judy Codding (04) James J. Collier, Jr. (05) Margaret Collier  
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. MacEachern (09) Michael J. Merges

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 ☒ ABSTAIN ☒ NOT VOTE ☒

**Proposal 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.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Signature

Signature (Capacity)

Date

NOTE: Please sign clearly. Signatures appear herein. All names should be signed. When signing as attorney, executor, administrator, officer or partner, please give full title as such. If signatory has no title, please sign full name and title. If signatory is a shareholder, please sign full name and address. If signatory is a shareholder, please sign full name and address. If signatory is a shareholder, please sign 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, 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

When 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. Colfer and Andrzej Matyuzynski, 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 Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina del Rey, California 90282, on Tuesday, November 10, 2015 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, 2, 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 3**

**Confidential – Filed Under Seal**

# EXHIBIT 4



DISTRICT COURT  
CLARK COUNTY, NEVADA

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

Plaintiff, )

vs. )

Index No. A-15-179860-B

MARGARET COTTER, ELLEN )  
COTTER, GUY ADAMS, EDWARD )  
KANE, DOUGLAS WILLIAM GOULD, )  
and DOES 1 through 100, )  
inclusive, )

Defendants. )

----- )  
READING INTERNATIONAL, INC., )  
a Nevada corporation, )

Nominal Defendant. )  
----- )

VIDEOTAPED DEPOSITION OF ELLEN COTTER

New York, New York

Thursday, June 16, 2016

Reported by:  
MICHELLE COX  
JOB NO. 316936

1 being the permanent CEO of RDI?

2 A I don't remember.

3 Q When did you first have a thought about  
4 the possibility or subject of you being the  
5 permanent CEO of RDI?

6 A I don't remember precisely when I started  
7 thinking that I should put my name in for  
8 consideration.

9 Q What prompted you to have that thought the  
10 first time?

11 A I don't remember exactly when, as I said,  
12 I had that thought. But I remember looking at  
13 some of the candidates that Korn Ferry was  
14 having us consider. And I looked at their  
15 résumés. Some of them were looking for total  
16 cash compensation up to \$2 million. And  
17 several of them had experience that was two  
18 years at one company, three years at another  
19 company. They seemed to hop around.

20 And when I looked at their experience, it  
21 didn't seem that -- you know, we're kind of a  
22 unique company because we have -- we're in two  
23 businesses. We're in the cinema business,  
24 which is an operating business, and the real  
25 estate business, primarily as developers.

1           We're a public company. We have  
2   international operations. And looking at their  
3   résumés, I thought, well, I could probably do  
4   this.

5   Q    What was the first discussion or  
6   communication you had with anybody about you  
7   being or possibly being a candidate for the  
8   position of CEO of RDI?

9   A    I don't -- I don't remember.

10  Q    Was it Margaret Cotter?

11  A    I don't remember.

12  Q    Did you have any discussions with  
13  Margaret Cotter about the subject of you being  
14  a candidate or possibly being a candidate for  
15  the position at RDI -- position of CEO at RDI?

16  A    I mean, I ultimately had conversations  
17  with Margaret about it.

18  Q    Okay. When?

19  A    I don't remember.

20  Q    What were the circumstances or what was  
21  the context of the conversations you had with  
22  Margaret about being a candidate or possibly  
23  being a candidate for the position of CEO at  
24  RDI?

25  A    Circumstances would have been, Do you

1 committee biographical information concerning  
2 any candidates?

3 A Just to be clear, I don't remember  
4 specific conversations with Margaret. I'm  
5 recollecting a general conversation that I had  
6 with her, but I didn't consider myself being a  
7 permanent CEO until probably well after we got  
8 the résumés.

9 Q Well, directing your attention back to  
10 your conversations with the two people at  
11 Heidrick & Struggles with whom you spoke in the  
12 context of determining whether to hire Heidrick  
13 or another search firm to assist.

14 When you spoke with them about the  
15 existence of two internal candidates, did  
16 either or both of them say to you, in words or  
17 substance, Are you a candidate or have you  
18 thought about being a candidate?

19 A And I don't recall the conversations with  
20 the two women.

21 Q So they might have said that, but you  
22 don't recall, one way or another?

23 A Correct.

24 Q What was the name of the third recruiting  
25 firm, Russell something?

# EXHIBIT 5

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD  
TAKEN ON JUNE 29, 2016  
VOLUME 2

Job No.: 319129  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 Q. Did Ellen Cotter participate in the  
2 interviews on Friday the 13th of any or all of  
3 Brooks, Cruse, Chin and Sheridan?

4 A. No.

5 Q. Why not, if you know?

6 A. Yes. At the beginning as we were about  
7 to begin our interviewing session we all arrived at  
8 the company, Ellen came into the room and said that  
9 she had decided that she was going to throw her hat  
10 into the ring for this job; and she felt that given  
11 that, it would be unethical and improper for her to  
12 be involved in the search committee.

13 Q. What was the discussion that ensued, if  
14 any?

15 A. I believe that all of us -- my rec- --  
16 my -- my response and I know Doug's was that we  
17 agree we don't think she should be involved in the  
18 search committee if she, herself, is going to be a  
19 candidate.

20 Q. What else, if anything else, was  
21 discussed about the search committee or the search  
22 in view of Ellen's announcement that she was going  
23 to be a candidate?

24 A. I can't recall anything at that time  
25 other than that.

1 Q. And how long did those discussions last?

2 A. I would say they lasted 30 minutes.

3 Q. Who said what?

4 A. Well, I was actually the one that said  
5 after listening to Ellen, thinking about it, and  
6 looking at the prior candidates, even though they  
7 were all good, that she had probably made the most  
8 sense for where we were at this time. Because she  
9 had a great reputation, the people liked her at the  
10 company.

11 We all enjoyed our own -- we all thought  
12 highly of her, every one of us. She is intelligent.  
13 She had the kind of a personality that could help  
14 get through some of these difficulties dealing with  
15 other people.

16 And she had theatrical experience. She  
17 was willing to bring in real estate help.

18 And that this was a very tough time to  
19 bring in somebody from the outside given the fact  
20 that no one knew who would actually control this  
21 company a year down the line.

22 And for all those reasons, you know, it  
23 became apparent to me, my -- I just said, "This  
24 makes the most sense for the company."

25 And Doug said, "You know, I agree with



1     you."

2             Q.     That was my next question, Mr. Gould.

3                     The reasons you just described, are  
4     those your reasons and is that what you articulated?  
5     Was that what you and Mr. McEachern together  
6     articulated or --

7             A.     Most of them were my -- were my  
8     statements, but Doug did add a few of his own. And  
9     I probably incorporated some of his statements in  
10    there.

11                    Now, before we got into too much detail,  
12    the question was raised about Margaret leaving  
13    because she was -- she is Ellen's sister. And, you  
14    know, both Doug and I said, "I don't think we need  
15    to do that."

16                    I forget whether Margaret did excuse  
17    herself or not. I don't remember whether she did.  
18    But from my standpoint it was just clear in my mind  
19    that this was the best solution.

20             Q.     What did Margaret say, if anything,  
21    during that discussion among the three of you?

22             A.     Margaret didn't really say too much.  
23    She was -- she -- I think Doug and I did most of the  
24    talking.

25             Q.     Did Margaret exhibit any response to

1 previous. I don't mean to do so.

2 Either during the conversation -- well,  
3 during the conversation following Ellen Cotter's  
4 interview, who said what, if anything, about Korn  
5 Ferry?

6 A. We did discuss this earlier, but my  
7 recollection was at the time that -- that somebody  
8 said, "Well, we -- if she's our preferred candidate,  
9 then, you know, we can probably tell Korn Ferry  
10 until we decide -- or the board decides this thing,  
11 let's not have them incur any more expense doing  
12 what they were doing with respect to the other  
13 candidates. Let's see if we can keep this down --  
14 the expense down."

15 Q. What are the annual revenues of RDI?

16 MR. TAYBACK: Objection. Vague as to  
17 time.

18 BY MR. KRUM:

19 Q. In 2015 or any other time that you can  
20 identify?

21 A. Well, several -- several hundred  
22 million.

23 Q. And what was the expense that would have  
24 been saved by having Korn Ferry stand down?

25 A. It was, you know, maybe 50 -- \$50,000.

1 It doesn't seem like much, but I don't  
2 throw money in the street unless I have to.  
3 Especially when it's other people's money.

4 Q. Do you recall that -- that the Korn  
5 Ferry materials provided to the board of directors  
6 indicated that Korn Ferry would make its proprietary  
7 assessment of finalists including the internal  
8 candidates?

9 A. I do remember something like that, yes.

10 Q. Did you have any discussions with  
11 McEachern and/or Margaret Cotter about whether to  
12 follow through with the process that had been  
13 described to the full board previously by having  
14 these assessments done or by having the board  
15 determine whether to do so?

16 A. Well, at that point the internal  
17 candidates had dropped out. And so there would be  
18 no need to do assessments of them.

19 And I don't -- and I don't -- I think  
20 all of us felt that we didn't need an independent  
21 assessment of Ellen because we knew her so well.

22 Q. By the way, how do you know that Wayne  
23 Smith dropped out?

24 A. I was told at some point that -- I  
25 forget by whom, that following Ellen's announcement,

be removed at any time, with or without cause, by the Board of Directors by a vote of not less than a majority of the entire Board at any meeting thereof or by written consent. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors for the unexpired portion of the term.

Any director or officer of the Corporation, or any member of any committee, may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if the time is not specified, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective.

## **ARTICLE V CAPITAL STOCK**

### **SECTION 1      CERTIFICATED AND UNCERTIFICATED SHARES OF STOCK**

Shares of stock in the Corporation shall be represented by certificates, or shall be uncertificated, as determined by the Board of Directors in its discretion. As to any shares represented by certificates, every stockholder shall be entitled to have a certificate signed by the Chairman or Vice Chairman of the Board of Directors, the President or a Vice-President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such person in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of any certificate which the Corporation shall issue to represent such stock; provided, however, that except as otherwise provided in NRS 78.242, in lieu of the foregoing requirements, there may be set forth on the face or back of any certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests, the designations, preferences and relative, participating, optional or other special rights of the various classes or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

If a certificate representing stock is signed (1) by a transfer agent other than the Corporation or its employees or (2) by a registrar other than the Corporation or its employees, the signatures of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to any certificates representing stock.

### **SECTION 2      SURRENDERED; LOST OR DESTROYED CERTIFICATES**

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates to be issued, or, if such stock is no longer certificated, a registration of such stock, in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming

the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, or new registration of uncertificated stock, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance or registration thereof, require the owner, of such lost or destroyed certificate or certificates, or the owner's legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

### SECTION 3      REGULATIONS

The Board of Directors shall have the power and authority to make all such rules and regulations and procedures as it may deem expedient concerning the issue, transfer and cancellation of stock of the Corporation and replacement of any stock certificates representing stock and registration and re-registration of any uncertificated stock.

### SECTION 4      RECORD DATE

The Board of Directors may fix in advance a date not more than sixty days nor less than ten days preceding the date of any meeting of stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such stockholders, and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

### SECTION 5      REGISTERED OWNER

The Corporation shall be entitled to recognize the person registered on its books as the owner of the shares to be the exclusive owner for all purposes, including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

## ARTICLE VI GENERAL PROVISIONS

### SECTION 1      REGISTERED OFFICE

The registered office of the Corporation shall be in the County of Clark, State of Nevada. The principal office of the Corporation shall be located in the County of Los Angeles, State of California.

The Corporation may also have offices at such other places both within and without the State of Nevada as the Board of Directors may from time to time determine or the business of the Corporation may require.

#### SECTION 2 CHECKS; NOTES

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

#### SECTION 3 FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

#### SECTION 4 STOCK OF OTHER CORPORATIONS OR OTHER INTERESTS

Unless otherwise ordered by the Board of Directors, the President, the Secretary, and such other attorneys or agents of the Corporation as may be from time to time authorized by the Board of Directors or the President, shall have full power and authority on behalf of the Corporation to attend and to act an vote in person or by proxy at any meeting of the holders of securities of any corporation or other entity in which the Corporation may own or hold shares or other securities, and at such meetings shall possess and may exercise all the rights and powers incident to the ownership of such shares or other securities which the Corporation, as the owner or holder thereof, might have possessed and exercised if present. The President, the Secretary or other such attorneys or agents may also execute and deliver on behalf of the Corporation, powers of attorney, proxies, consents, waivers and other instruments relating to the shares or securities owned or held by the Corporation.

#### SECTION 5 CORPORATE SEAL

The corporation will have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Nevada." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

#### SECTION 6 ANNUAL STATEMENT

The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by a vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

#### SECTION 7 DIVIDENDS

Dividends upon the capital stock of the Corporation, subject to the provision of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation.

Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute and sole discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property or the Corporation, or for such other purpose or purposes as the directors believe to be in the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

## **SECTION 8      CONFLICTS OF INTEREST**

In the event of any proposed transaction which would result in the merger of the Corporation with or into any other company or entity, or the sale, dividend, spin-off or transfer of all or substantially all of the assets of the Corporation, whether in one or more related transactions (a "Covered Transaction"), such Covered Transaction shall require the approval of a two-thirds majority of the Board of Directors after a review and written report of the terms and fairness of such transaction have been conducted and prepared by a special committee of the Board appointed to conduct such review. Such special committee shall consist of not less than two directors and shall be composed entirely of directors who are neither employees, directors, officers, agents or appointees or representatives of any company or entity affiliated with any party to the Covered Transaction, other than the Corporation. Such special committee is authorized to retain such professional advisors, including investment bankers, attorneys, and accountants as it may determine, in its sole discretion, to be appropriate under the circumstances.

## **ARTICLE VII INDEMNIFICATION**

### **SECTION 1      INDEMNIFICATION OF OFFICERS AND DIRECTORS, EMPLOYEES AND AGENTS**

Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person or a person of whom that person is the legal representative is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation or for its benefit as a director, officer, employee or agent of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the NRS from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith. The expenses of officers, directors, employee or agents incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay the amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Corporation. Such right of indemnification shall be a contract right, which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers, employees or agents may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article VII.

## SECTION 2     INSURANCE

The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

## SECTION 3     FURTHER BYLAWS

The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the laws of the State of Nevada.

# **ARTICLE VIII AMENDMENTS**

## SECTION 1     AMENDMENTS BY STOCKHOLDERS

The Bylaws may be amended by the stockholders at any annual or special meeting of the stockholders by a majority vote, provided notice of intention to amend or repeal shall have been contained in the notice of such meeting.

## SECTION 2     AMENDMENTS BY BOARD OF DIRECTORS

The Board of Directors at any regular or special meeting by a majority vote may amend these Bylaws, including Bylaws adopted by the stockholders, but the stockholders may from time to time specify particular provisions of the Bylaws, which shall not be amended by the Board of Directors.



## CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly elected and qualified Secretary of Reading International, Inc. (formerly Citadel Holding Corporation), a Nevada corporation (the "Company"), and that the foregoing Bylaws, consisting of 17 pages (including cover page and table of contents), constitute the Amended and Restated Bylaws of the Company as duly adopted by the Board of Directors on November 19, 1999 and amended by the Board of Directors on March 21, 2002, September 26, 2002, October 15, 2004, December 27, 2007 and December 28, 2011

IN WITNESS WHEREOF, I have hereunto subscribed my name this 28th of December, 2011.

---

Andrzej Matyczynski, Secretary

# **EXHIBIT 2**

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

Form 10-K/A  
Amendment No. 1

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the fiscal year ended December 31, 2014

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transaction period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-8625

**Reading International, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**95-3885184**  
(I.R.S. Employer  
Identification No.)

**6100 Center Drive, Suite 900**  
**Los Angeles, CA**  
(Address of Principal Executive Offices)

**90045**  
(Zip Code)

**(213) 235-2240**  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>
Class A Nonvoting Common Stock, \$0.01 Par Value per Share
Class B Voting Common Stock, \$0.01 Par Value per Share

<u>Name Of Each Exchange On Which Registered</u>
NASDAQ
NASDAQ



Securities registered pursuant to Section 12(g) of the Act:  
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the  
Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of  
the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or  
15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that

the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer or non-accelerated filer (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act) (Check one).

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting and nonvoting stock held by non-affiliates of the Registrant was \$139,379,701 as of June 30, 2014.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 6, 2015, there were outstanding 21,745,484 shares of class A non-voting common stock, par value \$0.01 per share, and 1,580,590 shares of class B voting common stock, par value \$0.01 per share.

#### EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this "Amendment") amends Reading International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, originally filed with the Securities and Exchange Commission, or SEC, on March 7, 2015 (the "Original Filing"). We are amending and refiling Part III to include information required by Items 10, 11, 12, 13 and 14 because our definitive proxy statement will not be filed within 120 days after December 31, 2014, the end of the fiscal year covered by our Annual Report on Form 10-K.

In addition, pursuant to the rules of the SEC, we have also included as exhibits currently dated certifications required under Section 302 of The Sarbanes-Oxley Act of 2002. Because no financial statements are contained within this Amendment, we are not including certifications pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. We are amending Part IV to reflect the inclusion of those certifications.

Except as described above, no other changes have been made to the Original Filing. Except as otherwise indicated herein, this Amendment continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events that occurred subsequent to the date of the Original Filing. The filing of this Annual Report on Form 10-K/A is not a representation that any statements contained in items of our Annual Report on Form 10-K other than Part III, Items 10 through 14, and Part IV are true or complete as of any date subsequent to the Original Filing.

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### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of April 30, 2015. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ellen M. Cotter	49	Chair of the Board and Chief Operating Officer – Domestic Cinemas
James J. Cotter, Jr.	45	President, Chief Executive Officer and Director (1)(2)
Margaret Cotter	47	Vice Chair of the Board(1)
Guy W. Adams	64	Director(1)(5)
William D. Gould	76	Director (3)
Edward L. Kane	77	Director (1)(2)(4)(5)
Douglas J. McEachern	63	Director (4)
Tim Storey	57	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 and Stock Options Committee.

The following sets forth information regarding our directors and our executive officers:

Ellen M. Cotter. Ellen M. Cotter has been a member of the board since March 7, 2013, and on August 7, 2014 was appointed as Chair of our board. She joined our company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our 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 James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the board her 16 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 our subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. Ms. Cotter also is a significant stockholder in our company.

James J. Cotter, Jr. James J. Cotter, Jr. has been a director of our company since March 21, 2002, and was appointed Vice Chair of the Board in 2007. The board appointed Mr. Cotter, Jr. to serve as our President, beginning June 1, 2013. On August 7, 2014, he resigned as Vice Chair and was appointed to succeed his late father, James J. Cotter, Sr., as our Chief Executive Officer. 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. brings to the board his experience as a business professional, including as chief Executive Officer of Cecelia Packing Corporation, and corporate attorney, and his operating experience as the Chief Executive Officer of Cecelia. As the Vice Chair of our company, since 2007 he has chaired the weekly

Australia/New Zealand Executive Management Committee and the weekly U.S. Executive Management Committee meetings. In addition, he is a significant stockholder in our company.

Margaret Cotter. Margaret Cotter has been a director of our company since September 27, 2002, and on August 7, 2014 was appointed as Vice Chair of our board. 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, LLC, the subsidiary through which we own our live theaters. Ms. Cotter receives no compensation for this position, other than the right to participate in our company's medical insurance program. Ms. Cotter manages the real estate which houses each of the four live theaters under our Theater Management Agreement with Ms. Cotter's company, OBI LLC. Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties as well as heads the day to day pre-development process and transition of our properties from theater operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates, which subsequently sold the business to our company along 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 and Georgetown University Law Center. She is 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 our theater these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, she is a significant stockholder 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. The fund invests in various publicly traded securities. Over the past eleven 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 time, Mr. Adams provided investment advice to various family offices and invested 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 with respect to investments in public companies.

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. 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 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 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, 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 and Conflicts 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, 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 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.

Tim Storey. Tim Storey has been a director of our company since December 28, 2011. Mr. Storey has served as the sole outside director of our 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 Chair of the board of that company on July 1, 2009. Since July 28, 2014, Mr. Storey has served as a director of JustKapital Litigation Partners Limited, an Australian Stock Exchange-listed company engaged in litigation financing. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, a New Zealand-listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chair 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.

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.

Andrzej Matyczynski. Andrzej Matyczynski has served as our Chief Financial Officer since November 1999. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth below.

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, which experience will help us with our real estate and cinema developments there. Mr. Ellis graduated Phi Beta Kappa from Occidental College with a B.A. 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.

Devasis ("Dev") Ghose. On April 20, 2015, we agreed to retain Devasis Dev Ghose to be our new Chief Financial Officer and Treasurer, effective May 11, 2015. Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles for 25 years with three NYSE-listed companies: 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), Skilled Healthcare Group (a health services company, now part of Genesis HealthCare), and HCP, Inc., (which invests primarily in real estate serving the healthcare industry), 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). Earlier, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the US & 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.

#### **Relationships**

Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. are directors and officers of our company and of various of its subsidiaries, affiliates or consultants. According to their respective Schedules 13D filed with the SEC, all three consider their beneficial stock holdings in our company to be long-term family assets, and they intend to continue our company in the direction established by their father.

#### **Committees of the Board of Directors**

Our board has a standing Executive Committee, Audit and Conflicts Committee, Compensation and Stock Options Committee, and Tax Oversight Committee. These committees are discussed in greater detail below.

The Cotter family members who serve as directors and officers of our company collectively own beneficially shares of our Class B Stock representing more than 70% of the voting power for the election of directors of our company. Therefore, our board 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 has 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 James J. Cotter, Sr., our former controlling stockholder, in order to be elected. The Cotter family, as the holders of a majority of the voting power of our company, are able under Nevada corporations law and our charter documents to elect candidates to our board and to remove a director from the board without the vote of

our other stockholders. Historically, Mr. Cotter, Sr. identified and recommended all nominees to our board in consultation with our other incumbent 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, 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.

James J. Cotter, Sr. served as our Chair and Chief Executive Officer until August 7, 2014, when he stepped down for health reasons. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. In connection with his passing, our board determined to appoint Ellen M. Cotter as Chair of the Board with a view to rotating the office of Chair annually among the Cotter family members. The board also has designated William D. Gould to serve as our lead independent director. In that capacity, Mr. Gould chairs meetings of the independent directors and acts as liaison between our Chair and our Chief Executive Officer and our independent directors.

Our board oversees risk by remaining well-informed through regular meetings with management and the personal involvement of our Chief Executive Officer in our day-to-day business, including any matters requiring specific risk management oversight. Our Chief Executive Officer chairs regular senior management meetings addressing domestic and overseas issues. The risk oversight function of our board is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent directors.

#### **Executive Committee**

A standing Executive Committee, currently comprised of Mr. Cotter, Jr., who serves as Chair, Ms. Margaret Cotter and Messrs. Adams and Kane, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full board. Mr. Cotter, Sr. also served on the Executive Committee until May 15, 2014.

In 2014, the Executive Committee did not take any action with respect to any company matter. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation and Stock Options Committee, all matters requiring board approval during 2014 were considered by the entire board.

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

Our board maintains a standing Audit and Conflicts Committee, which we refer to as the “Audit Committee.” The Audit Committee operates under a 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 Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. During 2014, our Audit and Conflicts Committee was comprised of Mr. McEachern, who served as Chair, and Messrs. Kane and Storey.

#### **Compensation and Stock Options Committee**

Our board has a standing Compensation and Stock Options Committee, which we refer to as the “Compensation Committee,” comprised entirely of independent directors. The current members of Compensation Committee are Mr. Kane, who serves as Chair, and Messrs. Adams and Storey. Mr. Adams replaced our former director, Alfred Villaseñor, on the Compensation Committee following his election to our board in June 2014.

The Compensation Committee evaluates and makes recommendations to the full board regarding the compensation of our Chief Executive Officer and other Cotter family members and performs other compensation related functions as delegated by our board.

## **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 comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr.

## **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. The Code of Ethics is available on our website at [www.readingrdi.com](http://www.readingrdi.com).

## **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 one Form 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file one Form 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.

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.

## **ITEM 11. 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 Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the authority delegated to the Compensation Committee from time to time by our board.

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 Chair and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated by our board responsibility 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.

On August 7, 2014, James J. Cotter, Jr. was appointed to succeed Mr. Cotter, Sr. as our Chief Executive Officer. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. No discretionary annual bonuses have yet been awarded to our executive officers, including the Cotter family executives for 2014.

Throughout this 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 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 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. Neither Mr. James J. Cotter, Jr., Mr. Cotter, Sr.'s successor as our Chief Executive Officer, nor 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 originally engaged Towers Watson, 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 66<sup>th</sup> percentile of the peer group.

The peer group consisted of the following 18 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	

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 66<sup>th</sup> 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 66<sup>th</sup> 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 75<sup>th</sup> 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 75<sup>th</sup> percentile of the peer group and total direct compensation near the 66<sup>th</sup> 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 the 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, 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. has not yet been 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 Mr. James J. Cotter, Jr. and Ms. Ellen M. Cotter 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. No stock bonuses were awarded in 2014 to our named executive officers other than Mr. Cotter, Sr.

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 of directors 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.

In light of Mr. Cotter, Sr.'s death in September 2014, cash bonuses for 2014 have not yet been determined by Mr. Cotter, Jr. or, in the case of the Cotter family members, recommended by the Compensation Committee or approved by our board. 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 board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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. Mr. Matyczynski resigned as our Chief Financial Officer effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit in accordance with the terms of the deferred compensation plan discussed below in this section.

Other than Mr. Cotter, Sr.'s and Mr. Cotter, Jr.'s role 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:

<b>Name</b>	<b>2013 Base Salary (\$)</b>	<b>2014 Base Salary (\$)</b>
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:

<b>Name</b>	<b>2013 Base Salary (\$)</b>	<b>2014 Base Salary (\$)</b>
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	339,000	324,295

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. In October 2014, following Mr. Cotter, Sr.'s death, 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.

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:

<u>December 31</u>	<u>Total Vested Amount at the End of Each Vesting Year</u>
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 May 11, 2015. 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 65<sup>th</sup> 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. These individuals include 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 believe 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, even though she was an executive officer of our company and not a director, 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 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.

***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 that the foregoing "Compensation Discussion and Analysis" be included in this Form 10-K/A.

Respectfully submitted,

Edward L. Kane, Chair  
Guy W. Adams  
Tim Storey

**Compensation Committee Interlocks and Insider Participation**

There are no "interlocks," as defined by the SEC, with respect to any member of the Compensation Committee during 2014.

**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 Chair of the Board and former Chief Executive Officer.
- James J. Cotter, Jr., Chief Executive Officer and President.
- Andrzej Matyczynski, Chief Financial Officer and Treasurer.
- Robert F. Smerling, President – Domestic Cinema Operations.
- Ellen M. Cotter, Chair of the Board, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Cinemas, 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, our financial officer, and (iv) the other three persons who served as executive officers in 2014. The following executives are herein referred to as our “named executive officers.”

### Summary Compensation Table

						Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(1)	Option Awards \$(1)	\$(3)	\$(4)	\$(5)
James J. Cotter, Sr.(2) Chair 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
James J. Cotter, Jr.(5) President and Chief Executive Officer	2014	335,000	--	--	--	--	27,000 (7)	362,000
	2013	195,000	--	--	--	--	20,000 (7)	215,000
	2012	--	--	--	--	--	0	0
Andrzej Matyczynski Chief Financial Officer and Treasurer	2014	309,000	--	--	33,000	150,000 (6)	26,000 (7)	518,000
	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 President – Domestic Cinema Operations	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter Chief Operating Officer Domestic Cinemas	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
	2013	335,000	--	--	--	--	25,000 (7)	360,000
	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith Managing director - Australia and New Zealand	2014	324,000	45,000	--	--	--	19,000 (7)	388,000
	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 Chair 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.
- (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.

## 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 provides that Mr. Cotter, Jr. is to receive 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 Class A shares at an exercise price equal to the market price of our Class A shares 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. Cotter Jr.'s employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Cotter Jr. will be entitled to receive severance in an amount equal to the compensation he would have received had he remained employed by us for 12 months.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, 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 Class A shares at an exercise price equal to the closing price of our Class A shares 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 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. 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 Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary 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 nonvoting common 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. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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**

Non-qualified Stock Options. There will be no federal income tax consequences to either the Company or the participant upon the grant of a non-discounted NQSO. However, the participant will realize ordinary income on the exercise of the NQSO 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 30, 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	--	8.35	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	25,000	25,000	6.02	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:

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.	--	--	160,643	1,200,000
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	\$ 7,595,000	\$ --
Andrzej Matyczynski(2)	DCP	5	\$ 450,000	\$ --

#### Director Compensation

During 2014, all of our directors, except Mr. James J. Cotter Sr., Mr. James J. Cotter, Jr. and Ms. Ellen M. Cotter, received an annual fee of \$35,000 (prorated for the year in which a director is first elected or appointed). In addition to their annual directors fee, the following directors received a one-time fee of \$5,000 for their services as a member of the board and of all board committees on which they serve; Messrs. Adams, Gould, McEachern and Kane. Mr. Storey received a one-time fee of \$10,000, for his services as a member of the board and of all board committees on which he served. Messrs. McEachern and Storey also each received an additional \$6,000 for their participation in Special Committee Meetings. For 2014, the Chair of our Audit and Conflicts Committee received an additional fee of \$7,000, the Chair of our Compensation Committee received an additional fee of \$5,000, and the Chair of our Tax Oversight Committee received an additional fee of \$18,000.



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. From time to time our directors also are granted additional stock options as compensation for their service on our board. Historically, these awards were based upon the recommendations of our former Chair and principal shareholder, Mr. James J. Cotter, Sr., which recommendations were reviewed and acted upon by our entire board. When such additional awards have been made, typically, each sitting director (other than Mr. Cotter, Sr., who historically did not participate in such awards) was awarded the same number of options 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.

In November 2014, our board of directors determined to make grants to our non-employee directors on January 15 of each year of stock options to purchase 2,000 shares of our Class A Stock. The options 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.

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.

**Director Compensation Table**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Margaret Cotter (1)	35,000	0	0	35,000
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould	35,000	0	0	35,000
Edward L. Kane	63,000	0	0	63,000
Douglas J. McEachern	53,000	0	0	53,000
Tim Storey	51,000	0	21,000(3)	72,000
Alfred Villaseñor (4)	10,000	0	0	10,000

- (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.
- (3) This amount 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.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 30, 2015 by:

- each of our incumbent directors;
- each of our incumbent 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.

The beneficial ownership of 327,808 shares of our outstanding Class B Stock, which we refer to as the “disputed shares,” and 100,000 shares of Class B Stock underlying a currently exercisable stock option, which we refer to as the “disputed option,” is disputed by the Cotter family members, and the following table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option.

Except as noted, 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><i>Directors and Named Executive Officers</i></b>				
James J. Cotter, Jr. (2)(9)(10)	3,220,251	14.7	696,080	44.0
Ellen M. Cotter (3)(9)(10)	2,818,995	13.0	746,080	47.2
Margaret Cotter (4)(9)(10)	3,111,572	14.3	731,180	46.3
Guy W. Adams	- 0 -	--	- 0 -	--
William D. Gould (5)	54,340	*	--	--
Edward L. Kane (6)	19,500	*	100	*
Andrzej Matyczynski	25,789	*	--	--
Douglas J. McEachern (7)	37,300	*	--	--
Tim Storey (8)	27,000	*	--	--
Robert F. Smerling (8)	43,750	*	--	--
<b><i>5% or Greater Stockholders</i></b>				
James J. Cotter Living Trust (9)(10)	1,897,649	8.7	696,080	44.0
James J. Cotter Living Trust/Estate of James J. Cotter, Deceased(9)(10)	408,263	1.9	427,808	25.5
Mark Cuban (11) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (12) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	97,500	6.2
All directors and executive officers as a group (10 persons)(13)	5,476,570	24.9	1,209,088	71.9

- (1) Percentage ownership is determined based on 21,745,484 shares of Class A Stock and 1,580,590 shares of Class B Stock outstanding on May 6, 2015. Except as described in footnote (13) with respect to the beneficial ownership of all directors and executive officers as a group, the table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option. Except as described with respect to the disputed shares and the disputed option, beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of May 6, 2015, 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 include 97,500 shares subject to stock options. The Class A Stock shown also include 289,390 shares held by a trust for the benefit of James J. Cotter, Sr.'s grandchildren (the "Cotter grandchildren's trust") and 102,751 held by the James J. Cotter Foundation. Mr. Cotter, Jr. is co-trustee of the Cotter 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 James J. Cotter Living Trust, or the "Living Trust," which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (3) The Class A Stock shown includes 20,000 shares subject to stock options. The Class A Stock shown also include 102,751 shares held by the James J. Cotter Foundation. Ms. 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 408,263 shares that Ms. Cotter maintains are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and that Mr. Cotter, Jr. contends are held by the Living Trust. 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. 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 (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (4) The Class A Stock shown includes 17,000 shares subject to stock options. The Class A shares shown also include 289,390 shares held by the Cotter grandchildren's trust and 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter grandchildren's trust and 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 includes 408,263 shares that Ms. Cotter maintains are part of the Cotter Estate and that Mr. Cotter, Jr. contends are held by the Living Trust. As co-executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. 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 (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (5) Includes 17,000 shares subject to stock options.
- (6) The Class A Stock shown includes 2,000 shares subject to stock options.
- (7) Includes 27,000 shares subject to stock options.
- (8) Consists of shares subject to stock options.
- (9) James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are the Co-trustees of the Living Trust. 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 in September 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. 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 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. On February 6, 2015, Ellen 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. As co-trustees of the Living Trust, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter would share voting and investment power of the shares held by the Living Trust and, as such, would be deemed to beneficially own such shares. As trustee or co-trustees of the Reading Voting Trust, Margaret Cotter or Mr. Cotter, Jr., or both, would be deemed to beneficially own the Class B Stock shown. Each of Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter disclaims beneficial ownership of the shares held by the Living Trust except to the extent of his or her pecuniary interest, if any, in such shares.

- (10) Our stock register reflects that the 327,808 disputed shares of Class B Stock, which constitute approximately 20.7% of the voting power of our outstanding capital stock, and the disputed option to purchase 100,000 shares of Class B Stock, are standing in the name of Mr. Cotter, Sr. Ellen M. Cotter and Margaret Cotter dispute that Mr. Cotter, Sr. executed a written assignment that purported to transfer the disputed shares to the Living Trust and contend that, until such time as they pour over into the Living Trust, the disputed shares make up a part of the Cotter Estate. Ellen M. Cotter and Margaret Cotter also contend that the disputed option belongs to the Cotter Estate, while Mr. Cotter, Jr. disputes these contentions. Because the disputed shares and the shares underlying the disputed option together represent a material amount of our outstanding Class B stock, on April 29, 2015, we filed in the District Court of Clark County, Nevada, a petition requesting instructions from the Court regarding the disputed shares and the disputed option. A copy of our petition is set forth as an exhibit to our current report on Form 8 K filed with the SEC on May 4, 2015. Depending upon the outcome of this matter, the beneficial ownership of our Class B Stock will change, perhaps materially, from that presented in this table. The Cotter family also dispute whether the Class A Stock shown is held by the Living Trust or by the Cotter Estate.
- (11) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13G filed on February 14, 2012.
- (12) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on February 15, 2011.
- (13) The Class A Stock shown includes 408,263 disputed shares of Class A Stock and 251,250 shares subject to options. The Class B Stock shown includes the 327,808 disputed shares and the 100,000 shares subject to the disputed option.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

#### **Certain Relationships and Related Transactions**

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chair. 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 James J. Cotter, Jr. and 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 Play Investment**

From time to time, our officers and directors may invest in plays that lease our live theaters. The play 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 play.

#### **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. Trust, while Ellen Cotter and Margaret Cotter contend that such interest is owned by the Cotter Estate. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit and Conflicts Committee.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

##### 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.

#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(3) The following exhibits are filed as part of this report:

Exhibit No.	Description
31.1	Certification of Principal Executive Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

### **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **READING INTERNATIONAL, INC.**

Date: May 8, 2015

By: /s/ ANDRZEJ MATYCZYNSKI  
Name: Andrzej Matyczynski  
Title: Chief Financial Officer

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, James J. Cotter, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.

James J. Cotter, Jr.  
Chief Executive Officer



**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Andrzej Matyczynski, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ ANDRZEJ MATYZYNSKI

Andrzej Matyczynski  
Chief Financial Officer

# **EXHIBIT 3**

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTNIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

READING INTERNATIONAL, INC.,  
a Nevada corporation,  
Nominal Defendant.

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.  
Los Angeles, California  
Monday, May 16, 2016  
Volume I

Reported by:  
JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2312188  
Pages 1 - 297

1 T2 PARTNERS MANAGEMENT, LP, a  
2 Delaware limited partnership,  
3 doing business as KASE CAPITAL  
4 MANAGEMENT, et al.,  
5 Plaintiffs,  
6 vs.  
7 MARGARET COTTER, ELLEN COTTER,  
8 GUY ADAMS, EDWARD KANE, DOUGLAS  
9 McEACHERN, WILLIAM GOULD, JUDY  
10 CODDING, MICHAEL WROTONIAK, CRAIG  
11 TOMPKINS, and DOES 1 through 100,  
12 inclusive,  
13 Defendants.  
14 and  
15 READING INTERNATIONAL, INC., a  
16 Nevada corporation,  
17 Nominal Defendant.

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18 Videotaped Deposition of JAMES COTTER, JR.,  
19 Volume I, taken at 865 South Figueroa Street,  
20 10th Floor, Los Angeles, California, commencing  
21 at 10:09 a.m. and ending at 5:40 p.m., Monday,  
22 May 16, 2016, before Janice Schutzman, CSR No. 9509.

23  
24  
25 PAGES 1 - 297

1 committee of four -- I think it's four members.  
2 It's been in existence for some time. It has never  
3 been utilized by the company for at least the last  
4 five to seven years and maybe longer, but it has  
5 never been utilized by the company. 10:45:41

6 I was the chairman of the executive  
7 committee, appointed in May of 2014, I believe. My  
8 sister Margaret was on the committee, Guy Adams and  
9 Ed Kane.

10 That committee, on or shortly after my 10:45:59  
11 termination, was reconstituted and reactivated so  
12 that it took all of the authority of the board, and  
13 it acted, in effect, as the board of directors, and  
14 it had the effect of disenfranchising the other  
15 directors because decisions were made by that 10:46:25  
16 executive committee.

17 Q. Was there a -- I think you said activation.

18 Was there a moment in time or a particular  
19 action at a board meeting or elsewhere where the  
20 executive committee became activated? 10:46:42

21 A. As I testified, shortly after my  
22 termination -- or, actually, on the date of my  
23 termination, I was removed from the executive  
24 committee. It was reconstituted. And then at  
25 some -- between that board meeting and the following 10:47:08

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1 Q. And do you recall there being discussion  
2 about why they needed to appoint you to a committee  
3 that wasn't doing anything?

4 A. No.

5 Q. Did you ask any questions at that meeting 10:50:03  
6 about what would be possibly entailed or required of  
7 you to be on this executive committee?

8 A. No.

9 Q. Did that executive committee ever meet  
10 while you were on it? 10:50:15

11 A. Since 2002, when I was appointed to the  
12 Reading board, I have never known of an instance in  
13 which the executive committee met.

14 Q. Did you ever ask any questions about why we  
15 have an executive committee that never meets? 10:50:31

16 A. My assumption was that in the event that  
17 there was some calamity or some situation in which  
18 all of the directors could not meet or could not get  
19 together and there was some very important decision  
20 that needed to be made by the board in a very short 10:50:50  
21 amount of time, that the executive committee could  
22 be used.

23 Q. And that's your assumption based upon some  
24 of the materials you think you may have read;  
25 correct?

1           A.    It's my assumption based on the historical  
2 practice of never utilizing the executive committee  
3 that clearly existed and based on my recollection of  
4 reading through Reading's filings.

5           Q.    Now I want to ask you some questions about       10:51:19  
6 the executive committee after it was activated, to  
7 use your word.

8                   What decisions are you aware of that that  
9 executive committee has made to which you object?

10          A.    Sitting here right now, I cannot think of       10:51:33  
11 any specific decisions that were made by the  
12 executive committee.

13          Q.    Can you think of any specific actions taken  
14 by the executive committee?

15          A.    Again, sitting here today, I cannot recall       10:51:43  
16 specifically certain actions taken by the executive  
17 committee.

18          Q.    Can you think of any --

19                   Because you're still on the Reading board;  
20 correct?

21          A.    Correct.

22          Q.    The executive committee has reported to the  
23 board; correct?

24          A.    Correct.

25          Q.    And as you sit here now, you can't recall       10:52:04

1 any actions or decisions by the executive committee  
2 that were reported back to the board at which you  
3 were present to which you object; is that correct?

4 A. There were a number of actions taken by the  
5 executive committee that I cannot recall at this 10:52:27  
6 point, yes, that's correct.

7 Q. Meaning there were a number of actions but  
8 you can't recall any of them?

9 A. At this -- today, sitting here, I cannot  
10 recall. 10:52:36

11 Q. Okay. You understand this is your  
12 deposition in the derivative suit; right?

13 A. I do.

14 Q. Yeah.

15 A. Of course. 10:52:41

16 Q. You mentioned that the process for a search  
17 for the CEO as something that is a grievance of  
18 yours in this case -- withdraw that.

19 Back to the executive committee.

20 To redress the perceived wrong of 10:53:05  
21 activating this executive committee to take actions  
22 that you can't recall now, what do you want the  
23 company to do --

24 MR. KRUM: Objection --

25 BY MR. TAYBACK:



# EXHIBIT 4

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

READING INTERNATIONAL, INC.,  
a Nevada corporation,  
Nominal Defendant.

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.  
Los Angeles, California  
Wednesday, July 6, 2016  
Volume III

Reported by:

JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2343561  
Pages 568 - 838

Page 568

1 T2 PARTNERS MANAGEMENT, LP, a  
2 Delaware limited partnership,  
3 doing business as KASE CAPITAL  
4 MANAGEMENT, et al.,  
5 Plaintiffs,  
6 vs.  
7 MARGARET COTTER, ELLEN COTTER,  
8 GUY ADAMS, EDWARD KANE, DOUGLAS  
9 MCEACHERN, WILLIAM GOULD, JUDY  
10 CODDING, MICHAEL WROTONIAK, CRAIG  
11 TOMPKINS, and DOES 1 through 100,  
12 inclusive,  
13 Defendants.  
14 and  
15 READING INTERNATIONAL, INC., a  
16 Nevada corporation,  
17 Nominal Defendant.

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18 Videotaped Deposition of JAMES COTTER, JR.,  
19 Volume III, taken at 865 South Figueroa Street,  
20 10th Floor, Los Angeles, California, commencing  
21 at 9:51 a.m. and ending at 5:13 p.m., Wednesday,  
22 July 6, 2016, before Janice Schutzman, CSR No. 9509.

23  
24  
25 PAGES 568 - 838

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1 THE WITNESS: Right. Yes.

2 BY MR. TAYBACK:

3 Q. So my question is whether that's an  
4 accurate statement of the executive committee?

5 A. Appears to be. 04:22PM

6 Q. And whether it's taken action or not taken  
7 action is another fact, but the power that the  
8 executive committee has is the power that it has now  
9 and is the power it had in 2015; correct?

10 A. Right. 04:22PM

11 Q. And you didn't object to it having --

12 MR. KRUM: Objection --

13 BY MR. TAYBACK:

14 Q. -- that power?

15 MR. KRUM: -- vague and ambiguous. 04:22PM

16 THE WITNESS: I did not object to the  
17 executive committee having that power, no, because  
18 it had never exercised that power.

19 BY MR. TAYBACK:

20 Q. Let me just make sure. 04:22PM

21 Do you feel like that the power is okay as  
22 long as it's not used?

23 MR. KRUM: Objection.

24 BY MR. TAYBACK:

25 Q. Is that your contention? 04:22PM

Page 805

1 MR. KRUM: Incomplete hypothetical.

2 THE WITNESS: Well, depends on how the  
3 power is used.

4 BY MR. TAYBACK:

5 Q. So it depends on the decisions that are 04:22PM  
6 made?

7 A. No. Depends on how the power is used.

8 Q. Okay. So if -- so the question isn't  
9 whether or not -- is your contention in this lawsuit  
10 that the executive committee is improper or that it 04:22PM  
11 just should not have been used?

12 MR. KRUM: Objection, incomplete  
13 hypothetical. Actually, no, no. Strike that.

14 Objection, assumes fact not in evidence,  
15 mischaracterizes the pending complaint, which speaks 04:23PM  
16 for itself.

17 THE WITNESS: The repopulation of the  
18 committee with those directors and the delegation  
19 and the use of the committee was improper in my  
20 opinion. It was used for improper reasons. 04:23PM

21 BY MR. TAYBACK:

22 Q. And the specific actions that this  
23 executive committee took that you object to are  
24 what?

25 A. Well, there were a number of actions that 04:23PM

Page 806

1 it took, some of which I felt benefited Ellen and  
2 Margaret as stockholders, such as the determination  
3 of the record date, a simple determination that has  
4 always -- could easily have been made by the board  
5 and it had been made by the executive committee. 04:24PM

6 Q. And do you disagree with the determination  
7 it made or the fact that the executive committee  
8 made that determination?

9 A. I disagree with both.

10 Q. What are the other specific actions taken 04:24PM  
11 by the executive committee that you object to?

12 A. I believe that it appointed Michael  
13 Wrotniak to the audit committee, and I objected to  
14 the use of the executive committee to appoint a  
15 member who I felt was unqualified to serve on the 04:24PM  
16 audit committee.

17 Q. And do you have -- well, let me ask you.

18 Okay. Any other actions by the executive  
19 committee to which you object?

20 A. I can't think of any at this time. 04:25PM

21 Q. You agree with me that as you certified  
22 previously, whether the executive committee took  
23 action or not, that, in fact, the executive  
24 committee is authorized to the fullest extent of  
25 Nevada law to take action? 04:25PM

Page 807

# **EXHIBIT 5**

**Confidential – Filed Under Seal**

# **EXHIBIT 6**



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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER  
TAKEN ON MAY 19, 2016  
VOLUME II

Job Number 308469  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 about September 1, 2015 -- well, strike that.

2 Is this -- this is an email exchange  
3 starting with an email from Mr. Storey to you on  
4 August -- on or about August 31, 2015, right?

5 A. Yes.

6 Q. Did you receive Mr. Storey's email on or  
7 about that date?

8 A. I did.

9 Q. And you see that he has several  
10 observations, the -- to the effect that he thought  
11 an executive committee was unnecessary?

12 A. I see that.

13 Q. Did you disagree with any of those  
14 observations?

15 A. I did.

16 Q. Did you ever respond to him?

17 A. It says that I did. I can't -- I don't  
18 recall if I emailed him. I called him on the phone.

19 Q. Okay. What -- with which of his  
20 observations made in his email dated August 31, 2015  
21 did you disagree?

22 A. Well, having the executive committee in  
23 place in my mind was giving us the opportunity to  
24 get certain things done when the board couldn't be  
25 put together. We were having a lot of board

1 meetings, and there were certain things that could  
2 have been handled at -- by an executive committee.

3 I never -- I certainly never intended  
4 and I -- I know the other members of the executive  
5 committee never intended to take any responsibility  
6 away from the full board. We are very mindful of  
7 that.

8 I also thought that having an executive  
9 committee was a way for the C.E.O. to have a  
10 sounding board.

11 Q. Can you identify any board of directors  
12 meetings that had a sufficient number of directors  
13 unable to participate in person or by telephone that  
14 the meeting could not go forward?

15 MR. SEARCY: Objection. Vague, lacks  
16 foundation.

17 THE WITNESS: Are you asking do I recall  
18 of any board meeting that had less than a quorum  
19 available?

20 BY MR. KRUM:

21 Q. Okay. That's --

22 A. No.

23 Q. Okay. Do you recall any board meeting  
24 that at which you or anybody else said "We can't get  
25 together as a board, we need to have an executive

1 guess.

2 VIDEOTAPE OPERATOR: Got about two  
3 minutes.

4 BY MR. KRUM:

5 Q. So, how was it that you selected  
6 Margaret Cotter, Ed Kane and Guy Adams to be on the  
7 executive committee?

8 A. I don't remember the specific  
9 discussions.

10 Q. I mean as a practical matter, is it as  
11 simple as you put together an executive committee  
12 that consisted of only people that had -- who voted  
13 to terminate Jim Cotter, Jr., and everyone who had  
14 voted to terminate Jim Cotter, Jr., with the single  
15 exception being Doug McEachern?

16 MR. SEARCY: Objection. Argumentative  
17 and vague.

18 THE WITNESS: No. I had asked Bill  
19 Gould to be on the executive committee.

20 BY MR. KRUM:

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

22 A. I called him and I asked him to be on  
23 it. I -- you know, he has a lot of experience with  
24 the company, is a well respected attorney. I asked  
25 him to be on it.

# EXHIBIT 7

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD  
TAKEN ON JUNE 8, 2016  
VOLUME 1

JOB NUMBER 315485  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 three members of the C.E.O. search committee?

2 A. No.

3 Q. Okay. So let me backfill a little bit.

4 So the first step in the C.E.O. search  
5 process was formation of the committee; is that  
6 right?

7 A. Yes.

8 Q. And how did that come to pass?

9 A. Early on when -- there were two  
10 committees that were being formed. One committee  
11 was a committee -- was an executive committee, one  
12 committee was a search committee.

13 This happened, oh, I would say, in June  
14 of 2015, around that time, June or July.

15 Ellen asked me if I would like to be a  
16 member of the executive committee.

17 And I said "No, I don't have time for  
18 it." I knew that would be an extensive job. But I  
19 did tell her at that time that I would be willing to  
20 serve on the search committee.

21 So, when the board approved it, she  
22 basically included my name as one of the four  
23 persons who would be on that committee.

24 Q. Did Ellen select the four members of the  
25 committee?

# **EXHIBIT 8**



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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER  
TAKEN ON MAY 18, 2016  
VOLUME 1

REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 raised the subject of repopulating and providing a  
2 new charter for the executive committee of RDI --  
3 executive committee of the RDI board of directors, I  
4 should have said?

5 A. I would have.

6 Q. Why did you do so?

7 A. Because we wanted to have an executive  
8 committee in place to support whoever the interim  
9 C.E.O. was.

10 Q. Why?

11 A. Because it would be a new role. And  
12 having that support, in my opinion, would have been  
13 important.

14 Q. What do you mean when you say "support"?

15 A. Having a committee of directors to  
16 bounce ideas off of.

17 Q. Whose idea was it to repopulate and  
18 provide a new charter to the executive committee of  
19 RDI's board of directors?

20 MR. SEARCY: Objection. Vague.

21 THE WITNESS: I don't know whose  
22 specific idea it was.

23 BY MR. KRUM:

24 Q. With whom did you consult before  
25 determining to propose that?

# EXHIBIT 9

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD  
TAKEN ON JUNE 29, 2016  
VOLUME 2

Job No.: 319129  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 MR. RHOW: Join as well.

2 THE WITNESS: There was an executive  
3 committee formed, but it was not to supplant the  
4 board of directors in every respect. It was to take  
5 care of matters that came to the board -- would be  
6 necessary for a group to look at in between board  
7 meetings.

8 BY MR. KRUM:

9 Q. So, was it your expectation that that  
10 executive committee was going to continue after a  
11 new C.E.O. -- a permanent C.E.O. was hired?

12 A. I had no understanding on that.

13 Q. What discussions, if any, occurred with  
14 any of the C.E.O. candidates other than Ellen about  
15 the executive committee?

16 A. I don't recall any conversations with  
17 any candidate about the executive committee.

18 Q. Do you know if the executive  
19 committee -- strike that.

20 Do you know if any of the candidates had  
21 been apprised of the existence of the executive  
22 committee?

23 A. They didn't raise it. They saw the --  
24 the public filings. But they all indicated they had  
25 read the RDI public filings. But that subject never

# **EXHIBIT 10**

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

FORM 8-K

Current Report  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): October 5, 2015

READING INTERNATIONAL, INC.  
(Exact Name of Registrant as Specified in its Charter)

Nevada  
(State or Other Jurisdiction of Incorporation)

1-8625  
(Commission File Number)

95-3885184  
(I.R.S. Employer Identification No.)

6100 Center Drive  
Suite 900  
Los Angeles, California  
(Address of Principal Executive Offices)

90045  
(Zip Code)

(213) 235-2240  
(Registrant's Telephone Number, Including Area Code)

n/a  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors;  
Appointment of Principal Officers**

On October 5, 2015, the Board of Directors of Reading International, Inc. (“Reading”) elected Dr. Judy Coddington to the Board of Directors of Reading (the “Board”) for an initial term expiring at Reading’s next annual meeting of stockholders and thereafter until her successor is duly elected and qualified.

Effective October 11, 2015, Tim Storey retired from the Board. Mr. Storey has agreed to serve as a consultant to the Company for a year (for which he will be paid a \$50,000 annual consulting fee, payable quarterly). He has also agreed to continue to serve as a Director of the Company’s New Zealand subsidiary, on the same terms as he currently serves in that position (\$21,000 per year).

On October 12, 2015, the Board elected Michael J. Wrotniak to the Board for an initial term expiring at Reading’s next annual meeting of stockholders and thereafter until his successor is duly elected and qualified.

Dr. Coddington (70) 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. Coddington 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. Coddington 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. Coddington 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.

Mr. Wrotniak (48) is a specialist in foreign trade and brings to the Board considerable experience in international business, including foreign exchange risk mitigation. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC, a privately held international commodities trading firm. He is, and 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 (LSP) at their nursing home in the Bronx, New York.

Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S.B.A (cum laude).

During the last five years, neither Dr. Coddington nor Mr. Wrotniak has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to any civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of



which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws, or finding any violation with respect to such laws.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On October 5, 2015, the Board amended Reading's bylaws decreasing the number of directors from 10 to 9. Article, II, Section 2, has been amended to read as follows:

The number of directors, which shall constitute the whole board, shall be nine (9). Thereafter, the number of directors may from time to time be increased or decreased to not less than one nor more than ten by action of the Board of Directors. The directors shall be elected by the holders of shares entitled to vote thereon at the annual meeting of stockholders, and except as provided in Section 4 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

**SIGNATURES**

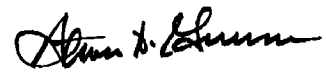
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: October 13, 2015

READING INTERNATIONAL, INC.

By: \s\ William D. Ellis

William D. Ellis  
Corporate Secretary



CLERK OF THE COURT

0064  
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Edward Kane, Judy Coddington, and Michael Wrotniak

**EIGHTH JUDICIAL DISTRICT COURT**

**CLARK COUNTY, NEVADA**

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

Plaintiffs,

v.

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

Defendants.

AND

READING INTERNATIONAL, INC., a Nevada  
corporation,

Nominal Defendant.

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

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

Related and Coordinated Cases

**BUSINESS COURT**

**INDIVIDUAL DEFENDANTS' MOTION  
FOR PARTIAL SUMMARY JUDGMENT  
(NO. 5) ON PLAINTIFF'S CLAIMS  
RELATED TO THE APPOINTMENT OF  
ELLEN COTTER AS CEO**

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

1 **TO ALL PARTIES, COUNSEL, AND THE COURT:**

2 Pursuant to Nevada Rule of Civil Procedure 56, Defendants Margaret Cotter, Ellen  
3 Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Coddington, and Michael Wrotniak  
4 (collectively, the "Individual Defendants"), by and through their counsel of record,  
5 Cohen|Johnson|Parker|Edwards and Quinn Emanuel Urquhart & Sullivan, LLP, hereby submit  
6 this Motion for Partial Summary Judgment (No. 5) as to the First, Second, Third, and Fourth  
7 Causes of Action in Plaintiff's Second Amended Complaint ("SAC"), to the extent that they  
8 assert claims and damages related to the appointment of Ellen Cotter as CEO.

9 This Motion is based upon the following Memorandum of Points and Authorities, the  
10 accompanying Declaration of Noah S. Helpert and exhibits thereto, the pleadings and papers on  
11 file, and any oral argument at the time of a hearing on this motion.

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1 Dated: September 23, 2016

**COHEN|JOHNSON|PARKER|EDWARDS**

2

3

By: /s/ H. Stan Johnson

4

H. STAN JOHNSON, ESQ.

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Los Angeles, CA 90017

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*Attorneys for Defendants Margaret Cotter, Ellen  
Cotter, Douglas McEachern, Guy Adams,  
Edward Kane, Judy Coddling, and Michael  
Wrotniak*

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1 **NOTICE OF MOTION**

2 **TO: ALL PARTIES, COUNSEL, AND THE COURT:**

3 PLEASE TAKE NOTICE that the above Motion will be heard on 10-25-16,  
4 2016 at 8:30A in Department XXVII of the above designated Court or as soon  
5 thereafter as counsel can be heard.

6 Dated: September 23, 2016

7 **COHEN|JOHNSON|PARKER|EDWARDS**

8  
9 By: /s/ H. Stan Johnson  
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17 *Attorneys for Defendants Margaret Cotter, Ellen*  
18 *Cotter, Douglas McEachern, Guy Adams,*  
19 *Edward Kane, Judy Coddington, and Michael*  
20 *Wrotniak*

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiff alleges that Defendants breached their fiduciary duties in selecting Ellen Cotter,  
4 who was the interim CEO of Reading International, Inc. (“RDI” or “the Company”), to become  
5 the Company’s permanent CEO. According to Plaintiff, Defendants did not conduct an adequate  
6 search to fill the position. But Plaintiff cannot point to any statute or case law that supports his  
7 claim, or to any reason why Ellen Cotter should not be CEO. As Plaintiff admits, there is not  
8 any law that restricts directors in their appointment of corporate officers. In fact, before he was  
9 terminated in June 2015, Plaintiff was appointed as CEO of RDI without any search being  
10 conducted on behalf of the Company; nevertheless, Plaintiff believes that the Directors fulfilled  
11 their fiduciary duties in appointing **him** as CEO.

12 In any event, the undisputed facts are that the Directors appointed a CEO Search  
13 Committee (“Search Committee”), that Committee hired a third-party search firm and  
14 interviewed candidates, and terminated the search after concluding that it had found the right  
15 candidate for the CEO position—an executive who had already demonstrated her ability to run  
16 the company as interim CEO. After discussion and consideration of the Search Committee’s  
17 findings, the Board of Directors—most of whom knew Ellen through her years of work at the  
18 Company—appointed Ellen Cotter as permanent CEO. Moreover, Plaintiff concedes that since  
19 the time that Ellen Cotter has become CEO, he does not have any criticism of any of the actions  
20 she has taken.

21 Under the business judgment rule, directors may not be held liable for their decision-  
22 making—even if their decisions are wrong—except under very limited circumstances. None of  
23 those circumstances are present here, where a Board of Directors has fully and thoughtfully  
24 decided to hire a CEO candidate. Additionally, Nevada law provides an additional protection to  
25 members of boards of directors. Under Nevada Revised Statute § 78.138(7), a director cannot be  
26 personally liable for breach of fiduciary duty unless “the breach of those duties involved  
27 intentional misconduct, fraud or a knowing violation of law.” Nev. Rev. Stat. § 78.138(7). Here,  
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1 in connection with the hiring of the Company's CEO, Plaintiff cannot produce cognizable  
2 evidence to support an allegation of such an actionable breach of duty by any director.

3 Finally, even if Plaintiff could overcome the business judgment rule and Nevada Revised  
4 Statute § 78.138(7), his claims would still fail because he cannot show that RDI was injured. As  
5 Plaintiff admits, nothing leads him to believe Ellen Cotter is doing a bad job. Accordingly,  
6 Plaintiff's breach of fiduciary duty claims related to the hiring of Ellen Cotter as permanent CEO  
7 fail as a matter of law.

## 8 **II. FACTUAL BACKGROUND**

### 9 **A. Without a Search Process, the RDI Board Appoints Plaintiff CEO in 2014**

10 As Plaintiff admits, the RDI Board did not undertake a search when it appointed Plaintiff  
11 as CEO on August 7, 2014. (*See* Attached Declaration of Noah S. Helpert ("HD") Ex. 1 (May  
12 16, 2016 James Cotter, Jr. Dep.) at 75:20-25.)<sup>1</sup> Plaintiff admits that he did not make any  
13 objection to the process by which he was appointed CEO at the board meeting on August 7, 2014  
14 and that he did not consider the procedure for his appointment to be a breach of the RDI Board's  
15 fiduciary duties. (*See id.* at 191:8-192:19.)

### 16 **B. After Plaintiff's Termination, the Board Appoints Ellen Cotter as Interim** 17 **CEO**

18 After Plaintiff was terminated as CEO, the Board appointed Ellen Cotter as interim CEO.  
19 (*See id.* Ex. 2 (2015 Proxy Statement) at 11.) At the time of her appointment as interim CEO,  
20 Ellen Cotter had been with the Company since 1998. (*Id.* at 14.) Since 2002, she had been the  
21 senior operating officer of the Company's domestic cinema operations, responsible for the  
22 acquisition and development, marketing and operation of the Company's cinemas. (*Id.*)  
23 Additionally, Ellen Cotter has been a member of the Board of Directors since March 13, 2013,  
24 and she was appointed chair of the Board on August 7, 2014. (*Id.*)

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27 <sup>1</sup> The documentary and testimonial evidence supporting this Motion is attached to the  
28 Declaration of Noah S. Helpert. The citations to the "HD" refer to the paragraph of that  
Declaration that authenticate and correspond to the relevant supporting evidence.

1           **C.     The Search Committee Conducts a Thorough Search for a Permanent CEO**

2           After Plaintiff was terminated as CEO, the Board began a process for finding a  
3 permanent CEO. A Search Committee was formed, comprised of Ellen Cotter, William Gould,  
4 Douglas McEachern, and Margaret Cotter. (*See id.* Ex. 6.)

5           Despite being RDI's interim CEO, Ellen Cotter did not initially consider becoming a  
6 candidate for the position of permanent CEO and President of RDI. (*See id.* Ex. 4 (June 16, 2016  
7 Ellen Cotter Dep.) at 84:6-85:4 ("But I remember looking at some of the candidates that Korn  
8 Ferry was having us consider. . . . And looking at their résumés, I thought, well, I could probably  
9 do this."); 87:3-8 ("I didn't consider myself being a permanent CEO until probably well after we  
10 got the résumés.")) However, before the candidate interviews commenced, Ellen Cotter  
11 informed the Search Committee that she was going recuse herself from the Search Committee.  
12 (*See id.* Ex. 5 (June 29, 2016 William Gould Dep.) at 356:6-19.)

13           **1.     The Search Committee Interviews Candidates**

14           For its search for a permanent CEO and President to replace Plaintiff, RDI engaged Korn  
15 Ferry International ("Korn Ferry"). (*Id.* Ex. 3 at JCOTTER008291.) Korn Ferry "researched  
16 over 200 prospective candidates, had contact with approximately 60, interviewed 11, and  
17 ultimately presented six external candidates to [RDI's Search] Committee." (*Id.* at  
18 JCOTTER008292.)

19           On November 13, 2015, the remaining members of the Search Committee interviewed  
20 four candidates: [REDACTED] (*See id.* Ex. 6; Ex. 3 at  
21 JCOTTER008292.) On December 4, 2015, the Search Committee interviewed a fifth candidate,  
22 [REDACTED]. (*See id.* Ex. 7.)

23           After interviewing five candidates, the Search Committee reached a "preliminary  
24 consensus that, if, after the interview process, Ellen Cotter was the preferred candidate, then it  
25 likely would not make sense for the Company to incur the costs and expense of additional  
26 assessment activities by Korn Ferry given the Committee members' extensive past experience  
27 with Ellen Cotter." (*Id.* Ex. 3 at JCOTTER008293). Asked what was the expense that would  
28 have been saved by having Korn Ferry stand down, Gould testified: "It was, you know, maybe . .

1 . \$50,000. It doesn't seem like much, but I don't throw money in the street unless I have to.  
2 Especially when it's other people's money." (*Id.* Ex. 5 (June 29, 2016 William Gould Dep.)  
3 at 405:23-406:3.)

4 On December 17, 2015, Korn Ferry identified an additional candidate, [REDACTED], for  
5 the Search Committee's consideration. (*Id.* Ex. 3 at JCOTTER008292.) On December 23, 2015,  
6 the Search Committee interviewed [REDACTED]. (*Id.* at JCOTTER008294.)

7 That same day, the Search Committee interviewed Ellen Cotter. (*Id.* Ex. 3 at  
8 JCOTTER008294.) Asked if it is fair to say his view was that, once Ellen announced her  
9 candidacy, she was the presumptive favorite, William Gould testified:

10 No. It only became apparent to me after we had interviewed everybody, and I  
11 could see that . . . she was definitely the most well-known to the directors, she  
12 provided the continuity, and she had a stake in the venture. You know, she had  
13 major share holdings with her family. And a new person would be coming in  
14 without that. So she would . . . have her interests aligned with the shareholders.

15 (*Id.* Ex. 8 (June 8, 2016 William Gould Dep.) at 55:25-56:20.) Following the interviews of  
16 [REDACTED] and Ellen Cotter, the Search Committee reached a consensus that Ellen Cotter  
17 would likely be the Committee's recommended candidate.<sup>2</sup>

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**2. The Search Committee Meets Again on December 29, 2016, Discusses**  
**Candidates, and Votes to Recommend Ellen Cotter**

<sup>2</sup> *Id.* Ex. 3 at JCOTTER008294; *see also* Ex. 5 at 368:4-369:1 ("Well, I was actually the one  
that said after listening to Ellen, thinking about it, and looking at the prior candidates, even  
though they were all good, that she had 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. . . . [W]e all  
thought highly of her, every one of us. She is intelligent. She had 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 no one knew who would  
actually control this company a year down the line. And for all those reasons, you know, it  
became apparent to me, . . . I just said, 'This makes the most sense for the company.' And Doug  
said, 'You know, I agree with you.'"); *id.* Ex. 8 at 59:2-18 ("And we looked at each other and  
said, you know, 'It's pretty apparent that Ellen is the right candidate.' And we both discussed  
why we felt that. . . . We talked about those things, continuity, we talked about her stake in the  
venture, the Cotter family stake in the venture, we talked about how well received she was by the  
staff and . . . what a good job she had done as the co-head of the theatrical division.")

1 The Search Committee met again on December 29, 2015. (*Id.* Ex. 3 at  
2 JCOTTER008294.) The Search Committee noted that “the candidates presented by Korn Ferry  
3 had varying backgrounds, skill sets and compensation requirements, but were all of the highest  
4 caliber, and that any of them would likely be competent to run a company such as Reading.” (*Id.*  
5 at JCOTTER008294-95.) After discussion, the Search Committee resolved to recommend to the  
6 RDI Board Ellen Cotter as CEO and President. (*Id.* Ex. 9.) William Gould and Douglas  
7 McEachern each voted in favor of the motion. (*Id.*) Margaret Cotter abstained, but stated her  
8 concurrence with and support of the Search Committee’s recommendation. (*Id.*)

9 Plaintiff admits that both of the voting members of the Search Committee were  
10 independent: For William Gould, Plaintiff testified: “Again, technically, he may be independent.  
11 . . . Technically, I believe he’s independent,” (*Id.* Ex. 1 at 78:25-79:13.) and, “For a period of  
12 time, Bill was independent but has -- yes, I mean, he is independent.” (*Id.* at 80:7-8.) For  
13 Douglas McEachern, Plaintiff testified: “[H]e’s independent. He’s got no relationship with Ellen  
14 and Margaret or, you know, no business relationship with Ellen and Margaret.” (*Id.* at 84:21-  
15 85:1.)

16 **D. The RDI Board Receives a Draft Report and Recommendation of the CEO**  
17 **Search Committee on January 5, 2016**

18 Three days prior to an RDI Board meeting scheduled for January 8, 2016, a Draft Report  
19 and Recommendation of the CEO Search Committee (the “Search Committee Report”) was  
20 circulated to all nine members of RDI’s Board. (*See id.* Ex. 10 at JCOTTER008284-85.) The  
21 seven page Search Committee Report described, among other things, the background of the  
22 search, the work of the Search Committee, the topics discussed by the Search Committee, and  
23 the Search Committee’s determination. (*Id.* Ex. 3 at JCOTTER008291-97.) Attached to the  
24 Search Committee Report were: (1) a copy of the Company’s agreement with Korn Ferry; (2) a  
25 copy of the “position specification” prepared by Korn Ferry; and (3) copies of the resumes of  
26 each of the six external candidates identified presented by Korn Ferry and interviewed by the  
27 Search Committee. (*See id.* at JCOTTER008291-365.)  
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1           **E.     The RDI Board Votes to Appoint Ellen Cotter as CEO on January 8, 2016**

2           On January 8, 2016, a telephonic meeting of the RDI Board was held for the sole purpose  
3 of considering the Search Committee Report. (*Id.* Ex. 11 at RDI0054762.) William Gould  
4 reviewed with the RDI Board the Search Committee Report, “going through in some detail the  
5 procedures followed by the CEO Search Committee . . . .” (*Id.*) The directors participated in a  
6 discussion, (*id.* at RDI0054763), and a motion was made to accept the Search Committee’s  
7 Report and recommendation to appoint Ellen Cotter as permanent CEO and President. (*Id.* at  
8 RDI0054764.) The RDI Board discussed “the procedures followed, the appropriateness of such  
9 procedures, and the appropriateness of the appointment of Ellen Cotter as permanent President  
10 and Chief Executive Officer.” (*Id.*) Seven of the nine RDI directors voted to appoint Ellen  
11 Cotter as permanent CEO and President. (*Id.*) Plaintiff voted against the motion, and Ellen  
12 Cotter, who had been excused from this portion of the Board meeting, did not participate. (*Id.*)

13           **F.     Plaintiff Does Not Give Negative Assessment of Ellen Cotter’s Performance**

14           At his deposition, when asked about Ellen Cotter’s performance as CEO, Plaintiff  
15 admitted that “[t]here’s nothing that would lead [him] to believe that she’s doing a good job, a  
16 bad job.” (*Id.* Ex. 12 (May 17, 2016 James Cotter, Jr. Dep.) at 558:25-559:15.)

17           **III.   LEGAL STANDARD**

18           Summary judgment is warranted under Nevada Rule of Civil Procedure 56 whenever the  
19 “pleadings, depositions, answers to interrogatories, admissions, and affidavits, if any, that are  
20 properly before the court demonstrate that no genuine issue of material fact exists, and the  
21 moving party is entitled to judgment as a matter of law.” *Wood v. Safeway, Inc.*, 121 Nev. 724,  
22 731 (2005). “The substantive law controls which factual disputes are material and will preclude  
23 summary judgment; other factual disputes are irrelevant.” *Id.*; *see also Anderson v. Liberty*  
24 *Lobby, Inc.*, 477 U.S. 242, 248 (1986) (“Factual disputes that are irrelevant or unnecessary will  
25 not be counted.”). A factual dispute is “genuine” only “when the evidence is such that a rational  
26 trier of fact could return a verdict for the nonmoving party.” *Holcomb v. Ga. Pac., LLC*, 289  
27 P.3d 188, 192 (Nev. 2012) (citation omitted).

28           While the pleadings and other proof are “construed in the light most favorable to the

1 nonmoving party,” *LaMantia v. Redisi*, 118 Nev. 27, 29 (2002), that party “bears the burden to  
2 more than simply show that there is some metaphysical doubt as to the operative facts in order to  
3 avoid summary judgment.” *Wood*, 121 Nev. at 732 (citation and internal quotation marks  
4 omitted) (rejecting the “slightest doubt” standard). The nonmoving party “is not entitled to build  
5 a case on the gossamer threads of whimsy, speculation, and conjecture,” *id.* (citation omitted),  
6 but instead must identify “admissible evidence” showing “a genuine issue for trial.” *Posadas v.*  
7 *City of Reno*, 109 Nev. 448, 452 (1993); *Shuck v. Signature Flight Support of Nev., Inc.*, 126  
8 Nev. 434, 436 (2010) (“bald allegations without supporting facts” are insufficient); *LaMantia*,  
9 118 Nev. at 29 (nonmovant must “show specific facts, rather than general allegations and  
10 conclusions”). A nonmoving party that fails to make this showing will “have summary judgment  
11 entered against him.” *Wood*, 121 Nev. at 732 (citation omitted).

#### 12 **IV. ARGUMENT**

##### 13 **A. There Was No Breach Because No Search Was Required**

14 Summary judgment is warranted for claims related to the appointment of Ellen Cotter as  
15 CEO because no search was required. Plaintiff cannot point to any statute or case law requiring  
16 that a Board of Directors undertake a search before hiring a CEO, much less that a Board must  
17 engage a third-party search firm or setting forth requirements for such a search. To the contrary,  
18 Nevada law does not specify how officers are to be chosen and provides only that officers “must  
19 be chosen in such manner. . . as may be prescribed by the bylaws or determined by the board of  
20 directors.” See Nev. Rev. Stat. § 78.130. “[I]n corporate law, the election of officers is generally  
21 left to the board of directors.” *Carlson v. Hallinan*, 925 A.2d 506, 527 (Del. Ch. 2006).<sup>3</sup>

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22  
23 <sup>3</sup> As discussed in Section IV.A of Individual Defendants’ Motion for Summary  
24 Judgment on Plaintiff’s Termination and Reinstatement Claims, courts have, for good reason,  
25 regularly rejected attempts by former officers to use fiduciary duty law when challenging the  
26 propriety of their removals. So too should this Court reject Plaintiff’s attempt to challenge the  
27 propriety of Ellen Cotter’s appointment as CEO. Actions such as Plaintiff’s threaten to  
28 transform every officer appointment into a derivative attack on a board’s exercise of its duties,  
thereby requiring Nevada courts to become arbiters, months after the fact, of the intimate  
judgments a board must make in appointing officers. Plaintiff’s attempted expansion of  
fiduciary duty law to cover appointments is bad policy.



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.

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Jan 02 2018 03:16 p.m.  
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Clerk of Supreme Court

CASE NO.:

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

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

**VOLUME IX (PA2005-2248)**

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

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PROHIBITION OR ALTERNATIVELY, MANDAMUS**

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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
2015-10-22	First Amended Verified Complaint	I	PA1–50
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff's Claims Related to the Executive Committee	IX	PA2041–2146
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
2016-09-23	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

**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>
2017-12-28	Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3615-3621
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
2016-12-20	Reading International, Inc.'s Answer to Plaintiff's Second Amended Complaint	XIII	PA3046-3071
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 IX (PA2005-2248)** was served by the following method(s):

☒ United States Postal Service:

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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

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, 2013	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."

Name	Age	Title
Dev Ghose	62	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
Robert F. Smerling	81	President - Domestic Cinemas
Wayne D. Smith	58	Managing Director – Australia and New Zealand
Andrzej J. Matyczynski	63	Executive Vice President – Global Operations

**Devasis ("Dev") Ghose.** Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015, Executive Vice President on March 10, 2016 and Corporate Secretary on April 28, 2016. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles with three NYSE-listed companies: Skilled Healthcare Group (a health services company, now part of Genesis HealthCare) from 2008 to 2013, Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage) from 2004 to 2006, and HCP, Inc., (which invests primarily in real estate serving the healthcare industry) from 1986 to 2003, and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe) from 2006 to 2007. Prior thereto, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the U.S. from 1975 to 1985, and KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

**Robert F. Smerling.** Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 58 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

**Wayne D. Smith.** Wayne D. Smith joined our Company in April 2004 as our Managing Director - Australia and New Zealand, after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing that company's Australian and New Zealand operations via an AUD\$250 million expansion to more than 50 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

**Andrzej J. Matyczynski.** On March 10, 2016, Mr. Matyczynski was appointed as our Executive Vice President—Global Operations. From May 11, 2015 until March 10, 2016, Andrzej J. Matyczynski acted as the Strategic Corporate Advisor to the Company. Mr. Matyczynski served as our Chief Financial Officer and Treasurer from November 1999 until May 11, 2015 and as Corporate Secretary from May 10, 2011 to October 20, 2014. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Master's Degree in Business Administration from the University of Southern California.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by independent directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules

and regulations of the SEC and the NASDAQ Stock Market.

Prior to the adoption of our Compensation Committee Charter on March 10, 2016, it was our practice that the Compensation Committee would recommend to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically accepted without modification the compensation recommendations of the Compensation Committee, but reserved the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chief Executive Officer, Mr. James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

Earlier this year, our Board adopted a number of actions intended to bring certain of our governance practices into line with best practices, including substantial steps in the area of Executive Compensation, which are discussed below under "2016 and Future Compensation Structure." First, this discussion will address our executive compensation for 2015.

#### 2015 EXECUTIVE COMPENSATION

The individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

##### *Chief Executive Officer Compensation*

As a matter of general practice prior to 2016, the Compensation Committee recommended to our Board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant engaged annually to assist the Compensation Committee. The Compensation Committee had established three components of our Chief Executive Officer's compensation—a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element was to reasonably reward our Chief Executive Officer for his or her performance and leadership.

The Compensation Committee engaged executive compensation consultants Towers Watson (now known as Willis Towers Watson) in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing that analysis, Willis Towers Watson, in consultation with our management, including James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description.

Prior to the work commenced in early 2016, Willis Towers Watson had most recently updated its analysis of our Chief Executive Officer's compensation in 2014, when Mr. Cotter, Sr. held that position. The Willis Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of 17 United States and Australian companies and published compensation survey data, and to our Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group. The peer group consisted of the following 17 companies:

Acadia Realty Trust	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:

<b>Name</b>	<b>2014 Base Salary (S)</b>	<b>2015 Base Salary (S)</b>
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. Matyczynski, whose base salary was \$324,000 in 2015, and Mr. Smith, whose base salary was \$274,897, the base salaries of our other named executive officers generally remained at the levels established for 2014, as shown in the following table:

Name	2014 Base Salary (\$)	2015 Base Salary (\$)
Dev Ghose <sup>(1)</sup>	—	400,000 <sup>(1)</sup>
Andrzej J. Matyczynski <sup>(2)</sup>	309,000	324,000
William Ellis <sup>(3)</sup>	350,000 <sup>(3)</sup>	350,000
Robert F. Smerling	350,000	350,000
Wayne Smith	324,295 <sup>(4)</sup>	274,897 <sup>(4)</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>(1)</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.

<b>Name</b>	<b>Title</b>	<b>2015 Base Salary</b>	<b>2016 Base Salary</b>
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. Matyczynski, our EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or \$168,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or \$112,500 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from \$0 to \$168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, Australia and New Zealand, has a target bonus opportunity of 40% of Base Salary, or A\$148,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A\$0 to A\$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

#### Long-Term Incentives

Long-Term incentives will utilize the equity-based plan under our 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4th vesting on each anniversary date of the grant date.

On March 10, 2016, the following grants were made:

Name	Title	Dollar Amount of Restricted Stock Units	Dollar Amount of Non-Statutory Stock Options <sup>(1)</sup>
Ellen M. Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Dev Ghose <sup>(2)</sup>	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Andrzej J. Matyczynski	EVP Global Operations	37,500	37,500

Robert F. Smerling	President, US Cinemas	50,000	50,000
Wayne Smith	Managing Director, Australia and New Zealand	27,000 <sup>(1)</sup>	27,000 <sup>(1)</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.

<b>Officer</b>	<b>Annual Allowance (\$)</b>
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. Coddling, 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 Coddling

#### **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."

						Change in Pension Value and Nonqualified Deferred Compensation Earning (\$)	All Other Compensation (\$)	Total (\$)
	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)			
Ellen M. Cotter <sup>(2)</sup>	2015	402,000	250,000	--	--	--	25,465 <sup>(3)</sup>	677,465
Interim	2014	335,000	--	--	--	--	75,190 <sup>(3)(4)</sup>	410,190
President and Chief Executive Officer, Chief Operating Officer - Domestic Cinemas	2013	335,000	--	--	--	--	24,915 <sup>(3)</sup>	359,915
James Cotter, Jr. <sup>(5)</sup>	2015	195,417	--	--	50,027-	--	16,161 <sup>(3)</sup>	261,605
Former	2014	335,000	--	--	50,027-	--	26,051 <sup>(3)</sup>	411,078
President and Chief Executive Officer	2013	195,417	--	--	29,182-	--	9,346 <sup>(3)</sup>	233,945
Dev Ghose <sup>(6)</sup>	2015	257,692	75,000	--	382,334	--	15,730 <sup>(3)</sup>	407,005
Chief Financial Officer and Treasurer	2014	--	--	--	--	--	--	--
	2013	--	--	--	--	--	--	--
Andrzej J. Matyczynski <sup>(7)</sup>	2015	324,000	--	--	33,010	150,000 (8)	27,140 <sup>(3)</sup>	534,150
Former Chief Financial Officer and Treasurer	2014	308,640	--	--	33,010	150,000 (8)	26,380 <sup>(3)</sup>	518,030
	2013	308,640	35,000	--	33,010	50,000 (8)	25,755 <sup>(3)</sup>	452,405
William Ellis	2015	350,000	60,000	--	57,194	--	28,330 <sup>(3)</sup>	495,524
General Counsel <sup>(10)</sup>	2014	71,795	10,000	--	9,532	--	2,500 <sup>(3)</sup>	93,827
	2013	--	--	--	--	--	--	--
Robert F. Smerling	2015	350,000	75,000	--	--	--	22,899 <sup>(3)</sup>	447,899
President - Domestic Cinema Operations	2014	350,000	65,000	--	--	--	22,421 <sup>(3)</sup>	437,421
	2013	350,000	25,000	--	--	--	21,981 <sup>(3)</sup>	396,981
Wayne Smith <sup>(11)</sup>	2015	274,897	71,478	--	--	--	2,600 <sup>(3)</sup>	348,975
Managing Director -Australia and New Zealand	2014	324,295	72,216	--	--	--	2,340 <sup>(3)</sup>	398,851
	2013	340,393	48,420	--	--	--	2,075 <sup>(3)</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	All Other Option Awards	Exercise or Base Price of Option Award	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units (#)	Options (#)	Number of Shares of Stock or Underlying Securities	Number of Options		
Ellen M. Cotter	-	-	-	-	-	-	-	-	-	-	-	-	-
James Cotter, Jr.	-	-	-	-	-	-	-	-	-	-	-	-	-

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

- (1) Mr. Wayne Smith was issued an award of restricted Class A Common Stock, which vests in equal installments on May 13, 2015 and May 13, 2016. The closing price per share for the Class A Common Stock on the date of grant was \$14.00. The awards issued to Mr. Wayne Smith are related to his prior-year performance.
- (2) Mr. Dev Ghose was issued an option to purchase 100,000 shares of Class A Common Stock at the commencement of his employment, which award vests in four equal installments.
- (3) Options are granted with an exercise price equal to the closing price per share on the date of grant.
- (4) Represents the total option value estimated as per ASC 718.

#### Nonqualified Deferred Compensation

Name	Executive contributions in 2015 (\$)	Registrant contributions in 2015 (\$)	Aggregate earnings in 2015 (\$)	Aggregate withdrawals/distributions (\$)	Aggregate balance at December 31, 2015 (\$)
Andrzej J. Matyczynski	0	150,000	0	0	600,000

See "Potential Payments upon Termination of Employment or Change in Control".

On May 13, 2010, our stockholders approved the Plan at the annual meeting of stockholders in accordance with the recommendation of the Board of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, Directors, and consultants. The Board approved an amendment to the Plan to permit the award of restricted stock units on March 10, 2016. The Plan permits issuance of a maximum of 1,250,000 shares of Class A Stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Stock Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

### Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2015 under the Plan:

#### Outstanding Equity Awards at Year Ended December 31, 2015

	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	—	—
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- (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>(1)</sup>	0	0	39,330 <sup>(1)</sup>	39,330 <sup>(1)</sup>	0
Andrzej J. Matyczynski	50,000 <sup>(2)</sup>	177,250	0	0	177,250	0	600,000
Robert P. Smerling	0	125,562	0	0	125,562	0	415,000 <sup>(3)</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 McEachern, who serves as Chair, Edward Kane, and Michael Wrotniak. Management presents all potential related party transactions to the Audit Committee for review. Our Audit Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed. See the discussion entitled "Review, Approval or Ratification of Transactions with Related Persons" for additional information regarding the review process.

#### Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the master leasing, with an option to purchase, of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2, 3 theaters. In connection with that transaction, we also agreed (i) to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and (ii) to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by the Cotter Estate and/or the Cotter Trust and a third party.

As previously reported, over the years, two of the cinemas subject to the master leasing agreement have been redeveloped and one (the Cinemas 1, 2, 3 discussed below) has been acquired. The Village East is the only cinema that remains subject to this master lease. We paid an annual rent of \$590,000 for this cinema to SHC in each of 2015, 2014, and 2013. During this same period, we received management fees from the 86<sup>th</sup> 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.

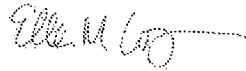
#### DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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



YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

Both are available 24 hours a day, 7 days a week.

Internet and telephone voting is available through 11:59 p.m. ET on June 1, 2015.

\*\*\*\*\*  
 WWW.F2P.NET/COM/57D

Use the Internet to transmit your voting instructions and the electronic delivery of information up until 11:59 p.m., ET, on June 1, 2016. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

OF

2022-2023-2024

Use any extra-time telephone to transmit your voting instructions at least 71.59 days PT on June 1, 2018. Have your proxy card in hand when you call and then follow the instructions.

OR

Mark, sign and date your entry card and return it in the postage-paid envelope we have provided to you. For Crop Watch, Inc., P.O. Box 6672, Fort Worth, Texas 76163.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. Your Internet or telephone vote authorizes the named director to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBERS

△ Submitting a copy by mail, please sign and date the card below and fill and return card at generation before mailing. 4

## ANNUAL MEETING PROXY CARD

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

Frederick Y.

(01) Ellen M. Coffer (02) Amy M. Adams (03) Judy Coddington (04) James J. Coffer, Jr. (05) Margaret Coffer  
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. McCaskey (09) Michael J. Gorman

279 42

~~SECRET~~

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.

**000000**



NOTE: Please sign only in your own support person. If you want to add your  
sign, after signing as attorney, executor, administrator, trustee or guardian, please  
give us the name of the donor's representative, please sign your name on the name  
by authorized officer, giving full name of such representative, please sign in  
support of name of authorized person, giving full name as such.

**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 substituting a proxy by mail, please sign and date the card on reverse and fill out detach card of perforation 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 Elen M. Cotter and Andrzej Metyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230 on Thursday, June 2, 2016 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote:

The undersigned hereby ratifies and confirms that the attorneys and proxies, or any of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the Annual Meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

**THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS  
DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, AND IN THE PROXY HOLDERS' DISCRETION  
AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR  
ADJOURNMENT THEREOF.**

**SEE REVERSE SIDE**

# **EXHIBIT 3**



Published on *Reading International Investor Center* (<http://investor.readingrdi.com>) on 07-18-2016

## Board of Directors of Reading International Rejected Non-Binding Indication of Interest

**Release Date:**  
7/18/16 6:00 am EDT

**Terms:**  
[Corporate](#) (1)

**Dateline City:**  
LOS ANGELES

LOS ANGELES--([BUSINESS WIRE](#)) (2)--Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") confirmed today that in June 2016, it rejected an unsolicited, non-binding indication of interest from a third party to acquire all of Reading's outstanding stock at \$17 per share. The non-binding indication of interest, and its rejection, were disclosed last week by Board member James J. Cotter, Jr., in a public filing he made in the derivative litigation in the District Court for Clark County, Nevada.

To clarify the record, our Board of Directors, after receiving input from management and its outside advisors, carefully evaluated the indication of interest. Following this review, the Board of Directors determined that our stockholders would be better served by pursuing our independent, stand-alone strategic business plan and communicated this to the third party. Reading's Board strongly believed that the proposed transaction was not in the best interest of our Company or our stockholders.

The statements made by Mr. Cotter, Jr. in his litigation filing were not authorized by the Company, do not constitute Company communications, and the Company takes no responsibility for their accuracy. Typically, it is not our practice to disclose unsolicited expressions of interest and Reading undertakes no obligation to further update this disclosure.

### **About Reading International, Inc.**

Reading International (<http://www.readingrdi.com>) (3) is in the business of owning and operating cinemas and developing, owning, and operating real estate assets. Our business consists primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia, and New Zealand; and
- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various brands:

- in the United States, under the
  - Reading Cinema brand (<http://www.readingcinemasus.com>) (4);
  - Angelika Film Center brand (<http://www.angelikafilmcenter.com>) (5);
  - Consolidated Theatres brand (<http://www.consolidatedtheatres.com>) (6);
  - City Cinemas brand (<http://www.citycinemas.com>) (7);
  - Beekman Theatre brand (<http://www.beekmantheatre.com>) (8);
  - The Paris Theatre brand (<http://www.theparistheatre.com>) (9);
  - Liberty Theatres brand (<http://libertytheatresusa.com>) (10); and
  - Village East Cinema brand (<http://villageeastcinema.com>) (11).
- in Australia, under the
  - Reading Cinema brand (<http://www.readingcinemas.com.au>) (12);
  - Newmarket brand (<http://readingnewmarket.com.au>) (13); and
  - Red Yard brand (<http://www.redyard.com.au>) (14).
- in New Zealand, under the
  - Reading Cinema brand (<http://www.readingcinemas.co.nz>) (15);
  - Rialto brand (<http://www.rialto.co.nz>) (16);
  - Reading Properties brand (<http://readingproperties.co.nz>) (17);
  - Courtenay Central brand (<http://www.readingcourtenay.co.nz>) (18); and
  - Steer n' Beer restaurant brand (<http://steernbeer.co.nz>) (19).

### **Cautionary Statement**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act").

For a detailed discussion of these and other risk factors, please refer to Reading International's Annual Report on Form 10-K for the year ended December 31, 2015 and other filings Reading International makes from time to time with the Securities and Exchange Commission (the "SEC"), which are available on the SEC's Web site (<http://www.sec.gov>) (20).

Investors are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Reading International does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

**Language:**

English

**Contact:**

Reading International, Inc.  
Dev Ghose  
Executive Vice President & Chief Financial Officer  
(213) 235-2240  
or  
Andrzej Matyczynski  
Executive Vice President - Global Operations  
(213) 235 2240  
or  
Joelle Frank, Wilkinson Brimmer Katcher  
Kelly Sullivan or Matthew Gross  
(212) 355-4449

**Ticker Slug:**

Ticker: RDI  
Exchange: NASDAQ  
ISIN:  
US7554081015

**Source URL:** <http://investor.readingrdi.com/press-release/corporate/board-directors-reading-international-rejected-non-binding-indication>

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[19] <http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fsteernbeer.co.nz&esheet=51382674&newsitemid=20160718005324&lan=en-US&anchor=http%3A%2F%2Fsteernbeer.co.nz&index=17&md5=4f7725a692214c7140f0fb1cc698eb8c>  
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# **EXHIBIT 4**

**Confidential – Filed Under Seal**

# **EXHIBIT 5**

**Confidential – Filed Under Seal**

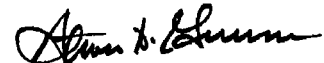
# **EXHIBIT 6**

**Confidential – Filed Under Seal**



# **EXHIBIT 7**

**Confidential – Filed Under Seal**



CLERK OF THE COURT

0064

**COHEN|JOHNSON|PARKER|EDWARDS**

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Nevada Bar No. 00265

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Los Angeles, CA 90017

Telephone: (213) 443-3000

Attorneys for Defendants Margaret Cotter,  
Ellen Cotter, Douglas McEachern, Guy Adams,  
Edward Kane, Judy Coddington, and Michael Wrotniak

**EIGHTH JUDICIAL DISTRICT COURT**

**CLARK COUNTY, NEVADA**

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

Plaintiffs,

v.

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

Defendants.

AND

READING INTERNATIONAL, INC., a Nevada  
corporation,

Nominal Defendant.

Case No.: A-15-719860-B

Dept. No.: XI

Case No.: P-14-082942-E

Dept. No.: XI

Related and Coordinated Cases

**BUSINESS COURT**

**INDIVIDUAL DEFENDANTS' MOTION  
FOR PARTIAL SUMMARY JUDGMENT  
(NO. 4) ON PLAINTIFF'S CLAIMS  
RELATED TO THE EXECUTIVE  
COMMITTEE**

Judge: Hon. Elizabeth Gonzalez

Date of Hearing: 10 / 25 / 16

Time of Hearing: 8 : 30 AM

**TO ALL PARTIES, COUNSEL, AND THE COURT:**

1 Pursuant to Nevada Rule of Civil Procedure 56, Defendants Margaret Cotter, Ellen  
2 Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Coddington, and Michael Wrotniak  
3 (collectively, the "Individual Defendants"), by and through their counsel of record,  
4 Cohen|Johnson|Parker|Edwards and Quinn Emanuel Urquhart & Sullivan, LLP, hereby submit  
5 this Motion for Partial Summary Judgment (No. 4) as to the First, Second, Third, and Fourth  
6 Causes of Action in Plaintiff's Second Amended Complaint ("SAC"), to the extent that they  
7 assert claims and damages related to the Executive Committee.

8 This Motion is based upon the following Memorandum of Points and Authorities, the  
9 accompanying Declaration of Noah S. Helpert and exhibits thereto, the pleadings and papers on  
10 file, and any oral argument at the time of a hearing on this motion.

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1 Dated: September 23, 2016

**COHEN|JOHNSON|PARKER|EDWARDS**

2  
3 By: /s/ H. Stan Johnson

4 H. STAN JOHNSON, ESQ.  
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12 Los Angeles, CA 90017  
Telephone: (213) 443-3000

13  
14 *Attorneys for Defendants Margaret Cotter, Ellen  
Cotter, Douglas McEachern, Guy Adams,  
15 Edward Kane, Judy Coddling, and Michael  
Wrotniak*  
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1 **NOTICE OF MOTION**

2 **TO: TO ALL PARTIES, COUNSEL, AND THE COURT:**

3 PLEASE TAKE NOTICE that the above Motion will be heard on October 25,  
4 2016 at 8 : 3 0 AM in Department XXVII of the above designated Court or as soon  
5 thereafter as counsel can be heard.

6  
7 Dated: September 23, 2016

8 **COHEN|JOHNSON|PARKER|EDWARDS**

9  
10 By: /s/ H. Stan Johnson

11 H. STAN JOHNSON, ESQ.  
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19 SULLIVAN, LLP**  
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28 Telephone: (213) 443-3000

*Attorneys for Defendants Margaret Cotter, Ellen  
Cotter, Douglas McEachern, Guy Adams,  
Edward Kane, Judy Coddington, and Michael  
Wrotniak*

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Nevada law and Reading International, Inc.'s ("RDI" or "the Company") bylaws both  
4 expressly authorize the establishment of committees that, like RDI's Executive Committee,  
5 "have and may exercise the powers of the board of directors in the management of the business  
6 and affairs of the corporation." Nev. Rev. Stat. § 78.125(1). Nonetheless, Plaintiff James Cotter,  
7 Jr. ("Plaintiff") claims that the Individual Defendants breached their fiduciary duties by allowing  
8 the existence of a "repopulat[ed] and reactivat[ed]" Executive Committee. Plaintiff urges that  
9 the existence of the Executive Committee is a breach of the directors' fiduciary duties because  
10 the Executive Committee allegedly makes decisions that should be made by RDI's whole Board  
11 of Directors (the "RDI Board" or "Board").

12 The undisputed material facts relating the claim, however, require that judgment be  
13 granted in Individual Defendants' favor. First, Plaintiff does not dispute that the Executive  
14 Committee is authorized by law, or that the Executive Committee has the same powers now as  
15 when he served as chair of the Executive Committee. The only difference is that Ellen Cotter—  
16 the current CEO—has replaced him on the Executive Committee.

17 Second, the business judgment rule and Nevada Revised Statute § 78.138(7) protect  
18 directors who make rational business judgments. Here, the business judgment rule shields the  
19 Individual Defendants from personal liability because the RDI Board's decision to have an  
20 Executive Committee can be attributed to rational business purposes—*e.g.*, serving the Company  
21 in between meetings of the RDI Board. Third, to prevail on a claim for breach of fiduciary duty,  
22 Plaintiff must show damages to RDI. Clearly, the "reconstitution" and "reactivation" of the  
23 Executive Committee, without more, cannot be said to have damaged RDI. Plaintiff must show  
24 that RDI was damaged by some decision by the Executive Committee. To the extent Plaintiff  
25 can even identify any decisions made by the Executive Committee that he disagrees with, none  
26 of those decisions have caused any damage to RDI. The Executive Committee's decisions to set  
27 a record date and to appoint a member of the Audit and Conflicts Committee are administrative  
28

1 decisions for which Plaintiff cannot identify any meaningful impact on RDI, and about which his  
2 purported damages expert is completely silent.

3 Accordingly, because the Executive Committee is duly authorized by law, and Plaintiff  
4 cannot show any improper or injurious decisions made by the Committee, summary judgment  
5 should be granted on Plaintiff's claims relating to the Executive Committee.

6 **II. FACTUAL BACKGROUND**

7 **A. Prior to Plaintiff's Termination, the Executive Committee Exists and Has the**  
8 **Power to Make Important Decisions**

9 RDI's corporate bylaws authorize the establishment of committees that, like RDI's  
10 Executive Committee, "have and may exercise the power of the Board of Directors in the  
11 management of the business and affairs of the Corporation . . . ." (See Attached Declaration of  
12 Noah S. Helpern ("HD") ¶ 2(a).)<sup>1</sup> Section 10 of Article II of RDI's Bylaws provide, in relevant  
13 part:

14 The Board of Directors may, by resolution adopted by a majority of the whole  
15 Board, designate one or more committees of the Board of Directors, each  
16 committee to consist of at least one or more directors of the Corporation which, to  
the extent provided in the resolution, shall have and may exercise the power of the  
Board of Directors in the management of the business and affairs of the  
Corporation . . . .

17 (*Id.* ¶ 2.) The Executive Committee was "authorized, to the fullest extent permitted by Nevada  
18 law, to take action on matters between meetings of the full board." (*Id.* ¶ 3(a).)

19 Plaintiff admits that RDI's Executive Committee predates Plaintiff's termination as  
20 President and CEO of RDI. (See *id.* ¶ 4(a).) Prior to his termination, Plaintiff was a member and  
21 chair of the Executive Committee, along with members Margaret Cotter, Edward Kane, and Guy  
22 Adams. (*Id.* ¶¶ 3(b), 4(a)-(b).)

23 During the time that he was chair of the Executive Committee, Plaintiff assumed that the  
24 Executive Committee could be used to make "very important decision[s] that needed to be made  
25

26  
27 <sup>1</sup> The documentary and testimonial evidence supporting this Motion is attached to the  
28 Declaration of Noah S. Helpern. The citations to the "HD" refer to the paragraph of that  
Declaration that authenticate and correspond to the relevant supporting evidence.

1 by the board” under certain circumstances. (*Id.* ¶ 4(c).) Plaintiff admits that he “did not object  
2 to the executive committee having that power[.]” (*Id.* ¶ 5(b).)

3 **B. The RDI Board Adopts a Resolution Providing that the Executive Committee**  
4 **Shall Be Comprised of Ellen Cotter, Margaret Cotter, Edward Kane, and**  
5 **Guy Adams**

6 On June 12, 2015, after Plaintiff’s termination as President and CEO of RDI, the RDI  
7 Board adopted a resolution that provided that the Executive Committee shall be comprised of  
8 Ellen Cotter, Margaret Cotter, Edward Kane, and Guy Adams. (*Id.* ¶ 6(a).) Except for Plaintiff,  
9 all Board members approved the motion. (*Id.*) Ellen Cotter asked William Gould if he would  
10 like to be a member of the “reconstituted” Executive Committee, but he declined, stating he did  
11 not have time for it. (*Id.* ¶¶ 7(b), 8(a).)

12 The “reconstituted” Executive Committee has “the authority to take any and all actions  
13 that the Board may take (other than as restricted by Nevada law and the Bylaws of the Company)  
14 between the regular and special meetings of the Board of Directors.” (*Id.* ¶ 6(b).) As Plaintiff  
15 admits, the “reconstituted” Executive Committee has the same power that the Executive  
16 Committee had in 2015 when Plaintiff was a member of the Executive Committee. (*Id.* ¶ 5(a).)

17 **C. Plaintiff Struggles to Identify Decisions by the Executive Committee to**  
18 **Which He Objects**

19 In his pleadings, Plaintiff has not identified any actions taken by the Executive  
20 Committee. Asked, on the first day of his deposition, if it was correct that he could not recall  
21 any actions or decisions by the executive committee that were reported back to the Board to  
22 which he objected, Plaintiff answered: “There were a number of actions taken by the executive  
23 committee that I cannot recall at this point, **yes, that’s correct.**” (*Id.* ¶ 4(d) (emphasis added).)  
24 In his subsequent testimony, Plaintiff changed his answer—51 days later—to identify two  
25 actions: (1) “the determination of the record date, a simple determination that . . . could easily  
26 have been made by the board”; and (2) the use of the Executive Committee to appoint Michael  
27 Wrotniak, a member who Plaintiff felt was unqualified, to serve on RDI’s Audit Committee. (*Id.*  
28 ¶ 5(c).)

1     **III.     LEGAL STANDARD**

2             Summary judgment is warranted under Nevada Rule of Civil Procedure 56 whenever the  
3     “pleadings, depositions, answers to interrogatories, admissions, and affidavits, if any, that are  
4     properly before the court demonstrate that no genuine issue of material fact exists, and the  
5     moving party is entitled to judgment as a matter of law.” *Wood v. Safeway, Inc.*, 121 Nev. 724,  
6     731 (2005). “The substantive law controls which factual disputes are material and will preclude  
7     summary judgment; other factual disputes are irrelevant.” *Id.*; see also *Anderson v. Liberty*  
8     *Lobby, Inc.*, 477 U.S. 242, 248 (1986) (“Factual disputes that are irrelevant or unnecessary will  
9     not be counted.”). A factual dispute is “genuine” only “when the evidence is such that a rational  
10    trier of fact could return a verdict for the nonmoving party.” *Holcomb v. Ga. Pac., LLC*, 289  
11    P.3d 188, 192 (Nev. 2012) (citation omitted).

12            While the pleadings and other proof are “construed in the light most favorable to the  
13    nonmoving party,” *LaMantia v. Redisi*, 118 Nev. 27, 29 (2002), that party “bears the burden to  
14    more than simply show that there is some metaphysical doubt as to the operative facts in order to  
15    avoid summary judgment.” *Wood*, 121 Nev. at 732 (citation and internal quotation marks  
16    omitted) (rejecting the “slightest doubt” standard). The nonmoving party “is not entitled to build  
17    a case on the gossamer threads of whimsy, speculation, and conjecture,” *id.* (citation omitted),  
18    but instead must identify “admissible evidence” showing “a genuine issue for trial.” *Posadas v.*  
19    *City of Reno*, 109 Nev. 448, 452 (1993); *Shuck v. Signature Flight Support of Nev., Inc.*, 126  
20    Nev. 434, 436 (2010) (“bald allegations without supporting facts” are insufficient); *LaMantia*,  
21    118 Nev. at 29 (nonmovant must “show specific facts, rather than general allegations and  
22    conclusions”). A nonmoving party that fails to make this showing will “have summary judgment  
23    entered against him.” *Wood*, 121 Nev. at 732 (citation omitted).

1 **IV. ARGUMENT**

2 **A. There Was No Breach Because the Executive Committee Is Authorized**  
3 **Under Nevada Law**

4 Summary judgment is appropriate for Plaintiff's claims related to the Executive  
5 Committee because Nevada law expressly authorizes the establishment of committees by boards  
6 of directors. Nevada Revised Statute § 78.125(1) provides:

7 Unless it is otherwise provided in the articles of incorporation, the board of  
8 directors may designate one or more committees which, to the extent provided in  
9 the resolution or resolutions or in the bylaws of the corporation, have and may  
10 exercise the powers of the board of directors in the management of the business  
11 and affairs of the corporation.<sup>2</sup>

12 In addition to being expressly permitted by Nevada law, the Executive Committee is also  
13 authorized by RDI's Bylaws, which provide, in relevant part:

14 The Board of Directors may, by resolution adopted by a majority of the whole  
15 Board, designate one or more committees of the Board of Directors, each  
16 committee to consist of at least one or more directors of the Corporation which, to  
17 the extent provided in the resolution, shall have and may exercise the power of the  
18 Board of Directors in the management of the business and affairs of the  
19 Corporation . . . .

20 (HD ¶ 2(a).) The Executive Committee has "the authority to take any and all actions that the  
21 Board may take (other than as restricted by Nevada law and the Bylaws of the Company)  
22 between the regular and special meetings of the Board of Directors." (*Id.* ¶ 6(b).)

23 Plaintiff served on the Executive Committee, which was already in existence when  
24 Plaintiff joined it; Plaintiff even chaired the Executive Committee. (*See id.* ¶¶ 3(b), 4(a).) In  
25 fact, when Plaintiff chaired the Executive Committee, three out of four of the members of that  
26 Executive Committee are on what Plaintiff alleges in his Second Amended Complaint to be the  
27 "reconstituted" Executive Committee; the only difference is that Ellen Cotter replaced Plaintiff.  
28 (*See id.* ¶¶ 3(b), 4(b), 6(a).) Plaintiff admits that, while on the Executive Committee, he assumed  
that it could be used to make "very important decision[s] that needed to be made by the board"  
under certain circumstances, and Plaintiff admits that he "did not object to the executive

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<sup>2</sup> Notably, the report of Plaintiff's purported expert, Myron Steele, fails to cite any case law  
in support of Plaintiff's argument that Individual Defendants breached fiduciary duties in  
connection with the Executive Committee. *See* Report of Myron Steele at 29.

1 committee having that power[.]” (*Id.* ¶¶ 4(c), 5(b).) Plaintiff also admits that, in his view, the  
2 “reconstituted” Executive Committee has the same power that the “prior” Executive Committee  
3 had. (*Id.* ¶ 5(a).) Accordingly, under Nevada law, RDI’s Bylaws, and Plaintiff’s own  
4 admissions, the Executive Committee is properly authorized to carry out its duties, including the  
5 setting of a record date and the appointment of members to the Audit and Conflicts Committee.

6 **B. Individual Defendants Are Protected by the Business Judgment Rule**

7 The business judgment rule is a “presumption that in making a business decision the  
8 directors of a corporation acted on an informed basis, in good faith and in the honest belief that  
9 the action taken was in the best interests of the company.” *Shoen v. SAC Holding Corp.*, 122  
10 Nev. 621, 632 (2006) (citation omitted); *see also* NRS 78.138(3) (codifying the rule under  
11 Nevada law). “The business judgment rule postulates that if directors’ actions can arguably be  
12 taken to have been done for the benefit of the corporation, then the directors are presumed to  
13 have been exercising their sound business judgment rather than to have been responding to self-  
14 interest motivation.” *Horwitz v. Sw. Forest Indus., Inc.*, 604 F. Supp. 1130, 1135 (D. Nev.  
15 1985). “An application of the traditional business judgment rule places the burden on the ‘party  
16 challenging the [board’s] decision to establish facts rebutting the presumption.’” *Unitrin, Inc. v.*  
17 *Am. Gen. Corp.*, 651 A.2d 1361, 1373 (Del. 1995) (citing *Aronson v. Lewis*, 473 A.2d 805, 812  
18 (Del. 1984)). “[T]he business judgment rule shields directors from personal liability if, upon  
19 review, the court concludes the directors’ decision can be attributed to any rational business  
20 purpose.” *Id.* at 1374. “[E]ven a bad decision is generally protected by the business judgment  
21 rule.” *Shoen*, 122 Nev. at 636.

22 **1. The Executive Committee Serves a Rational Business Purpose**

23 Here, the business judgment rule shields the Individual Defendants from personal liability  
24 because the RDI Board’s decision to “reconstitute” the Executive Committee can be attributed to  
25 two “rational business purpose[s].” First, the “reconstitution” of the Executive Committee can  
26 be attributed to the rational business purpose of serving the Company in between meetings of the  
27 RDI Board and/or dealing with issues that might not require convening the entire Board.  
28 Director William Gould testified that the Executive Committee “was to take care of matters that

1 came to the board – would be necessary for a group to look at in between board meetings.” (HD  
2 ¶ 10(a).)

3 Second, the Executive Committee also serves as a sounding board for RDI’s CEO. Ellen  
4 Cotter testified that the RDI Board “wanted to have an executive committee in place to support  
5 whoever the interim C.E.O. was.” (*Id.* ¶ 9(a).) Ellen Cotter “thought that having an executive  
6 committee was a way for the C.E.O. to have a sounding board.” (*Id.* ¶ 7(a).)

7 **2. In the Absence of Gross Negligence, Defendants Did Not Lose the**  
8 **Protections of the Business Judgment Rule**

9 The Nevada Supreme Court has stated that, “[w]ith regard to the duty of care, the  
10 business judgment rule does not protect the gross negligence of uninformed directors and  
11 officers[.]” *Shoen*, 122 Nev. at 640. Gross negligence is the ““reckless indifference to or a  
12 deliberate disregard of the whole body of stockholders’ or actions which are ‘without the bounds  
13 of reason’.” *Kahn v. Roberts*, No. C.A. 12324, 1995 WL 745056, at \*4, 8, 9 (Del. Ch. Dec. 6,  
14 1995) (finding “no evidence from which any reasonable person could infer Defendants were  
15 grossly negligent” and granting defendants’ motion for summary judgment dismissing plaintiff’s  
16 claims for breach of the duty of care and breach of duty of candor) (citations omitted), *aff’d sub*  
17 *nom. Kahn on Behalf of DeKalb Genetics Corp. v. Roberts*, 679 A.2d 460 (Del. 1996).

18 Plaintiff alleges that Individual Defendants “abdicated, or caused other directors to  
19 abdicate, their fiduciary responsibilities as directors by creating and acting through the EC  
20 Committee[.]” (SAC ¶ 177(b)), but Plaintiff cannot produce any evidence of gross negligence.  
21 There is no evidence of “reckless indifference to or a deliberate disregard of the whole body of  
22 stockholders’ or actions which are ‘without the bounds of reason’.” *Kahn*, 1995 WL 745056, at  
23 \*4. As demonstrated above, the RDI Board’s decision to “reconstitute” the Executive  
24 Committee is within the “bounds of reason,” and Plaintiff cannot point to any evidence that the  
25 Individual Defendants’ actions were “so egregious” as to be grossly negligent. *See McMillan v.*  
26 *Intercargo Corp.*, 768 A.2d 492, 505 (Del. Ch. 2000) (stating that a plaintiff is “obligat[ed] to set  
27 forth facts from which one could infer that the defendants’ lack of care was so egregious as to  
28 meet Delaware’s onerous gross negligence standard[.]” and granting directors’ motion for

1 judgment on the pleadings). Thus, Plaintiff cannot meet the gross negligence showing required  
2 to strip the Individual Defendants of the protections of the business judgment rule.

3 **C. In the Absence of Intentional Misconduct, Fraud, or a Knowing Violation of**  
4 **the Law, The Individual Defendants Are Not Liable as a Matter of Law**

5 Even if Individual Defendants had breached some fiduciary duty by “reconstituting” the  
6 Executive Committee (they did not), another independent reason to grant Individual Defendants’  
7 motion is that they are statutorily immune to individual liability where, like here, the breach did  
8 not involve intentional misconduct, fraud, or a knowing violation of law. Nevada Revised  
9 Statute § 78.138(7) provides, in relevant part:

10 [A] director or officer is not individually liable to the corporation or its  
11 stockholders or creditors for any damages as a result of any act or failure to act in  
12 his or her capacity as a director or officer unless it is proven that: . . . (b) The  
13 breach of those duties involved intentional misconduct, fraud or a knowing  
14 violation of law.

15 In other words, “directors and officers may only be found personally liable for breaching their  
16 fiduciary duty of loyalty if that breach involves intentional misconduct, fraud, or a knowing  
17 violation of the law.” *Shoen*, 122 Nev. at 640 (citing Nev. Rev. Stat. § 78.138(7)); *In re AgFeed*  
18 *USA, LLC*, 546 B.R. 318, 330-31 (Bankr. D. Del. 2016) (citing *Shoen* and concluding that “the  
19 second cause of action fail[ed] to state a claim for breach of the duty of loyalty because the  
20 complaint [fell] well short of alleging intentional misconduct, fraud, or a knowing violation of  
21 the law.”); *see also Stewart v. Kroeker*, No. CV04-2130L, 2006 WL 167938, at \*1, 2, 6-7 (W.D.  
22 Wash. Jan. 23, 2006) (stating that “plaintiffs are required to show not only that defendants’  
23 actions or omissions constituted a breach of their fiduciary duties, but also that the ‘breach of  
24 those duties involved intentional misconduct, fraud or a knowing violation of law[,]” applying  
25 NRS § 78.138(7)(b) to multiple claims, and granting motion for summary judgment).

26 “As for the terms *knowing violation* and *intentional misconduct*,” the Tenth Circuit has  
27 stated that “both require knowledge that the conduct was wrongful.” *In re ZAGG Inc. S’holder*  
28 *Derivative Action*, No. 15-4001, 2016 WL 3389776, at \*7, 11 (10th Cir. June 20, 2016)  
(affirming dismissal of complaint because Plaintiffs failed to adequately plead that presuit  
demand on the Board would have been futile) (emphasis in original). Thus, in order for Plaintiff



1 to avoid summary judgment, Plaintiff must show either that (1) each Defendant engaged in  
2 misconduct or a violation of law, knowing that the conduct was wrongful; or (2) each Defendant  
3 engaged in fraud.

4 **1. Plaintiff Cannot Show Intentional Misconduct or a Knowing**  
5 **Violation of the Law**

6 Plaintiff cannot point to cognizable evidence showing that, in connection with the  
7 “reconstituted” Executive Committee, Individual Defendants engaged in misconduct or a  
8 violation of the law, knowing that the conduct was wrongful, because no such evidence exists.  
9 Plaintiff suggests that the Executive Committee is used to make decisions without input from  
10 Plaintiff, William Gould or Timothy Storey. But neither Gould nor Storey was on the Executive  
11 Committee when Plaintiff was CEO or when Plaintiff chaired the Executive Committee. (See  
12 HD ¶¶ 3(b), 4(a)-(b).) Ellen Cotter actually asked Mr. Gould to serve on the Executive  
13 Committee, but he declined to do so. (Id. ¶¶ 7(b), 8(a).) Mr. Storey has retired from the RDI  
14 Board. (Id. ¶ 11(a).) Nor is there anything wrongful or illegal about Ellen Cotter—the current  
15 CEO—replacing Plaintiff—the former CEO—on the Executive Committee.

16 **2. Plaintiff Cannot Show Fraud**

17 Furthermore, Plaintiff does not have any cognizable evidence of fraud. Plaintiff alleges  
18 that “RDI has failed to file a Form 8-K with respect to the EC Committee, which is a  
19 development that materially deviates from the prior practices of RDI and RDI’s SEC disclosures  
20 with respect to those practices.” (SAC ¶ 101(c).) But Plaintiff admits that the “reconstituted”  
21 Executive Committee was not a departure from the “prior” Executive Committee. (See HD ¶  
22 5(a).) Just as the “prior” Executive Committee was “authorized, to the fullest extent permitted  
23 by Nevada law, to take action on matters between meetings of the full board[,]” the  
24 “reconstituted” Executive Committee has “the authority to take any and all actions that the Board  
25 may take (other than as restricted by Nevada law and the Bylaws of the Company) between the  
26 regular and special meetings of the Board of Directors.” (Id. ¶¶ 3(a), 6(b).) Plaintiff does not  
27 dispute that the “reconstituted” Executive Committee has the same power as the “prior”  
28

1 Executive Committee. (*See id.* ¶ 5(a).) Accordingly, Plaintiff cannot produce evidence of  
2 anything approaching fraud. The Executive Committee's powers remained unchanged.

3 In the absence of intentional misconduct, fraud, or a knowing violation of the law,  
4 Individual Defendants are therefore statutorily immune from any potential liability based on the  
5 "reconstituted" Executive Committee.

6 **D. There Are No Damages to RDI Caused by the "Reconstituted" Executive**  
7 **Committee**

8 Another independent reason to grant Individual Defendants' motion is that Plaintiff  
9 cannot demonstrate any injury from the "reconstituted" Executive Committee. To avoid  
10 summary judgment, Plaintiff must produce cognizable evidence showing damages, an essential  
11 element of a breach of fiduciary duty claim. *See Brown v. Kinross Gold U.S.A., Inc.*, 531 F.  
12 Supp. 2d 1234, 1245 (D. Nev. 2008) (A claim for breach of fiduciary duty requires a plaintiff to  
13 demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach  
14 proximately caused the damages.") (applying Nevada law). Here, Plaintiff cannot demonstrate  
15 any damages from the "reconstituted" Executive Committee. Clearly, the "reconstitution" of the  
16 Executive Committee, without more, cannot be said to have damaged RDI. Plaintiff must show  
17 that RDI was damaged by some decision by the Executive Committee.

18 In his pleadings, Plaintiff does not identify any decisions by the Executive Committee to  
19 which he objects. The only place where Plaintiff has identified any such decisions are in  
20 changes to his deposition testimony, where Plaintiff identified two decisions: (1) "the  
21 determination of the record date, a simple determination that . . . could easily have been made by  
22 the board"; and (2) the use of the Executive Committee to appoint Michael Wrotniak, a member  
23 who Plaintiff felt was unqualified, to serve on RDI's Audit Committee. (*Id.* ¶ 5(c).)<sup>3</sup> Neither of  
24 these decisions, however, are alleged to have caused any damage or injury to RDI. Plaintiff's  
25

---

26 <sup>3</sup> The Executive Committee's decisions in setting the record date and appointing Michael  
27 Wrotniak are protected by the business judgment rule because they can be attributed to the  
28 rational business purposes—*e.g.*, saving the time of members of the Board by having the  
Executive Committee make non-substantive decisions without convening the entire RDI Board.

1 purported damages expert is silent on damages from the “reconstituted” Executive Committee.  
2 See Report of Tiago Duarte-Silva.

3 Thus, Plaintiff cannot demonstrate injury—a deficiency fatal to all claims to the extent  
4 they are based on the “reconstituted” Executive Committee.

5 **V. CONCLUSION**

6 For the foregoing reasons, the Individual Defendants respectfully request that the Court  
7 grant them summary judgment as to the First, Second, Third, and Fourth Causes of Action set  
8 forth in Plaintiff’s SAC, to the extent that they assert claims and damages related to the  
9 Executive Committee.

10 Dated: September 23, 2016

11 **COHEN|JOHNSON|PARKER|EDWARDS**

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1                   **DECLARATION OF COUNSEL NOAH S. HELPERN IN SUPPORT OF**  
2                   **THE INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY**  
3                   **JUDGMENT (NO. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE**  
4                   **COMMITTEE**

5                   I, Noah Helpern, state and declare as follows:

6                   1.       I am a member of the Bar of the State of California, and am an attorney with the  
7                   law firm of Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel"), attorneys for  
8                   Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy  
9                   Coddington, and Michael Wrotniak. I make this declaration based upon personal, firsthand  
10                  knowledge, except where stated to be on information and belief, and as to that information, I  
11                  believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally  
12                  competent to testify to its contents in a court of law.

13                  2.       Attached hereto as Exhibit 1 is a true and correct copy of the Amended and  
14                  Restated Bylaws of Reading International, Inc., in which the following pages are relevant:

15                  a.       6 (Section 10 of Article II of RDI's Bylaws provides, in part: "The Board of  
16                  Directors may, by resolution adopted by a majority of the whole Board, designate one or more  
17                  committees of the Board of Directors, each committee to consist of at least one or more directors  
18                  of the Corporation which, to the extent provided in the resolution, shall have and may exercise  
19                  the power of the Board of Directors in the management of the business and affairs of the  
20                  Corporation . . . .")

21                  3.       Attached hereto as Exhibit 2 is a true and correct copy of a Form 10-K/A filed by  
22                  RDI on May 8, 2015, in which the following pages are relevant:

23                  a.       GA00005644 (The Executive Committee was "authorized, to the fullest extent  
24                  permitted by Nevada law, to take action on matters between meetings of the full board.")

25                  b.       GA00005644 ("A standing executive committee currently comprised of Mr.  
26                  Cotter, Jr., who serves as chair, Ms. Margaret Cotter, and Messrs. Adams and Kane, is  
27                  authorized to the fullest extent permitted by Nevada law, to take action on matters between  
28                  meetings of the full board.")

                  4.       Attached hereto as Exhibit 3 is a true and correct copy of transcript excerpts from

1 the deposition of James J. Cotter, Jr. ("Plaintiff"), taken on May 16, 2016, in which the following  
2 pages are relevant:

3 a. 44:6-7 ("I was the chairman of the executive committee, appointed in May of  
4 2014, I believe.");

5 b. 44:7-9 ("My sister Margaret was on the committee, Guy Adams and Ed Kane.")

6 c. 48:16-22 ("My assumption was that in the event that there was some calamity or  
7 some situation in which all of the directors could not meet or could not get together and there  
8 was some very important decision that needed to be made by the board in a very short amount of  
9 time, that the executive committee could be used.")

10 d. 49:25-50:6 (Mr. Tayback: "And as you sit here now, you can't recall any actions  
11 or decisions by the executive committee that were reported back to the board at which you were  
12 present to which you object; is that correct?" Plaintiff: "There were a number of actions taken  
13 by the executive committee that I cannot recall at this point, yes, that's correct.")

14 5. Attached hereto as Exhibit 4 is a true and correct copy of transcript excerpts from  
15 the deposition of Plaintiff, taken on July 6, 2016, in which the following pages are relevant:

16 a. 805:6-10 (Mr. Tayback: "[T]he power that the executive committee has is the  
17 power that it has now and is the power it had in 2015; correct?" Plaintiff: "Right.")

18 b. 805:16-18 ("I did not object to the executive committee having that power[.]")

19 c. 806:25-807:20 ("Well, there were a number of actions that it took, some of which  
20 I felt benefited Ellen and Margaret as stockholders, such as the determination of the record date,  
21 a simple determination that . . . could easily have been made by the board and it had been made  
22 by the executive committee. . . . I believe that it appointed Michael Wrotniak to the audit  
23 committee, and I objected to the use of the executive committee to appoint a member who I felt  
24 was unqualified to serve on the audit committee.")

25 6. Attached hereto as Exhibit 5 is a true and correct copy of the Minutes of the  
26 Meeting of the RDI Board of Directors held on June 12, 2015, in which the following pages are  
27 relevant:

28 a. RDI0054570 (adopting a resolution, approved by all board members except for

1 Plaintiff, stating "The Executive Committee shall be comprised of the following members of the  
2 Board of Directors of the Company: Ellen Cotter, Margaret Cotter, Ed Kane and Guy Adams.")

3 b. RDI0054570 (The "reconstituted" Executive Committee has "the authority to take  
4 any and all actions that the Board may take (other than as restricted by Nevada law and the  
5 Bylaws of the Company) between the regular and special meetings of the Board of Directors.")

6 7. Attached hereto as Exhibit 6 is a true and correct copy of transcript excerpts from  
7 the deposition of Ellen Cotter, taken on May 19, 2016, in which the following pages are relevant:

8 a. 335:19-336:10 ("I also thought that having an executive committee was a way for  
9 the C.E.O. to have a sounding board.")

10 b. 343:18-19 ("I had asked Bill Gould to be on the executive committee.")

11 8. Attached hereto as Exhibit 7 is a true and correct copy of transcript excerpts from  
12 the deposition of William Gould, taken on June 8, 2016, in which the following pages are  
13 relevant:

14 a. 25:8-23 ("Ellen asked me if I would like to be a member of the executive  
15 committee. And I said 'No, I don't have time for it.' I knew that would be an extensive job.")

16 9. Attached hereto as Exhibit 8 is a true and correct copy of transcript excerpts from  
17 the deposition of Ellen Cotter, taken on May 18, 2016, in which the following pages are relevant:

18 a. 154:7-9 (the RDI Board "wanted to have an executive committee in place to  
19 support whoever the interim C.E.O. was.")

20 10. Attached hereto as Exhibit 9 is a true and correct copy of transcript excerpts from  
21 the deposition of William Gould, taken on June 29, 2016, in which the following pages are  
22 relevant:

23 a. 400:2-7 (the Executive Committee "was to take care of matters that came to the  
24 board -- would be necessary for a group to look at in between board meetings.")

25 11. Attached hereto as Exhibit 10 is a true and correct copy of a Form 8-K filed by  
26 RDI on October 13, 2015, in which the following pages are relevant:

27 a. 2 ("Effective October 11, 2015, Tim Storey retired from the Board.")

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

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

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

4  
5 /s/ Noah Helpen  
6 Noah Helpen  
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# **EXHIBIT 1**

**AMENDED AND RESTATED**  
**BYLAWS**  
**OF**  
**Reading International, Inc.**  
**A Nevada Corporation**  
**(formerly Citadel Holding Corporation)**

AMENDED AND RESTATED  
BYLAWS  
OF  
READING INTERNATIONAL, INC.

A Nevada Corporation

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AMENDED AND RESTAED  
BYLAWS<sup>1</sup>  
OF  
READING INTERNATIONAL, INC.

A Nevada Corporation

**ARTICLE I  
STOCKHOLDERS**

**SECTION 1     ANNUAL MEETING**

Annual meetings of the stockholders, commencing with the year 2000, shall be held each year within 150 days of the end of the fiscal year on the third Thursday in May if not a legal holiday, and if a legal holiday, then on the next secular day following at ten o'clock a.m., or such other date and time as may be set by the Board of Directors<sup>2</sup> from time to time and stated in the notice of the meeting, at which the stockholders shall elect by a plurality vote a Board of Directors and transact such other business as may properly be brought before the meeting.

**SECTION 2     SPECIAL MEETINGS**

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the Chairman or Vice Chairman of the Board or the President, and shall be called by the Chairman, Vice Chairman or President at the written request of a majority of the Board of Directors or at the written request of stockholders owning outstanding shares representing a majority of the voting power of the Corporation. Such request shall state the purpose or purposes of such meeting.

**SECTION 3     NOTICE OF MEETINGS**

Written notice of stockholders meetings, stating the place, date and hour thereof, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote thereat at least ten days but not more than sixty days before the date of the meeting, unless a different period is prescribed by statute. Business transacted any special meeting of the stockholders shall be limited to the purpose or purposes stated in the notice.

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<sup>1</sup> These Amended and Restated Bylaws are hereinafter referred to as the Bylaws.

<sup>2</sup> The "Board" and "Board of Directors" are hereinafter used in reference to the Board of Directors of Reading International, Inc.

#### SECTION 4 PLACE OF MEETINGS

All annual meetings of the stockholders shall be held in the County of Los Angeles, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place within or without the State of Nevada as the directors shall determine. Special meetings of the stockholders may be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

#### SECTION 5 STOCKHOLDER LISTS

The officer who has charge of the stock ledger of the Corporation shall prepare and make, not less than ten nor more than sixty days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any proper purpose germane to the meeting, during ordinary business hours for a period not less than ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

#### SECTION 6 QUORUM; ADJOURNED MEETINGS

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

#### SECTION 7 VOTING

Except as otherwise provided by statute or the Articles of Incorporation or these Bylaws, and except for the election of directors, at any meeting duly called and held at which a quorum is present, a majority of the votes cast at such meeting upon a given matter by the holders of outstanding shares of stock of all classes of stock of the Corporation entitled to vote thereon who are present in person or by proxy shall decide such matter. At any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the votes cast by the holders (acting as such) of shares of stock of the Corporation entitled to elect such directors.

## SECTION 8 PROXIES

At any meeting of the stockholders any stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy, proxy revocation or power of attorney to vote shall be used at a meeting of the stockholders unless it shall have been filed with the secretary of the meeting; provided, however, nothing contained herein shall prevent any stockholder from attending any meeting and voting in person. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding officer of the meeting.

## SECTION 9 ACTION WITHOUT MEETING

Any action which may be taken by the vote of the stockholders at a meeting may be taken without a meeting if authorized by the written consent of stockholders holding at least a majority of the voting power, unless the provisions of the statutes governing the Corporation or of the Articles of Incorporation require a different proportion of voting power to authorize such action in which case such proportion of written consents shall be required. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

## SECTION 10 CERTAIN LIMITATIONS

The Board of Directors shall not, without the prior approval of the stockholders, adopt any procedures, rules or requirements which restrict a stockholders right to (i) vote, whether in person, by proxy or by written consent; (ii) elect, nominate or remove directors; (iii) call a special meeting; or (iv) to bring new business before the stockholders, except as may be required by applicable law.

# ARTICLE II DIRECTORS

## SECTION 1 MANAGEMENT OF CORPORATION

The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

## SECTION 2 NUMBER, TENURE, AND QUALIFICATIONS

The number of directors, which shall constitute the whole board, shall be nine (9). Thereafter, the number of directors may from time to time be increased or decreased to not less than one nor more than ten by action of the Board of Directors. The directors shall be elected by

the holders of shares entitled to vote thereon at the annual meeting of the stockholders and, except as provided in Section 4 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

#### SECTION 3 CHAIRMAN AND VICE CHAIRMAN OF THE BOARD

The directors may elect one of their members to be Chairman of the Board of Directors and one of their members to be Vice Chairman of the Board of Directors. The Chairman and Vice Chairman shall be subject to the control of and may be removed by the Board of Directors. The Chairman and Vice Chairman shall perform such duties as may from time to time be assigned to them by the Board of Directors.

#### SECTION 4 VACANCIES; REMOVAL

Vacancies in the Board of Directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the stockholders. The holders of no less than two-thirds of the outstanding shares of stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the directors by vote at a meeting called for such purpose or by written consent filed with the Secretary or, in his absence, with any other officer. Such removal shall be effective immediately, even if successors are not elected simultaneously.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any directors, or if the authorized number of directors be increased, or if the stockholders fail at any annual or special meeting of stockholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

#### SECTION 5 ANNUAL AND REGULAR MEETINGS

Annual and regular meetings of the Board of Directors shall be held at any place within or without the State of Nevada that has been designated from time to time by resolution of the Board of Directors or by written consent of all members of the Board of Directors. In the absence of such designation, annual and regular meetings shall be held at the registered office of the Corporation. Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by the Board of Directors.



## SECTION 6 FIRST MEETING

The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum is present. In the event of the failure of the stockholders to fix the time and place of such first meeting, or in the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

## SECTION 7 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairman or Vice Chairman of the Board or the President upon notice to each director, either personally or by mail or by telegram. Upon the written request of a majority of the directors, the Chairman or Vice Chairman of the Board or the President shall call a special meeting of the Board to be held within two days of the receipt of such request and shall provide notice thereof to each director, either personally or by mail or by telegram.

## SECTION 8 BUSINESS OF MEETINGS

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

## SECTION 9 QUORUM; ADJOURNED MEETINGS

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board shall be as valid and effective in all respects as if passed by the Board of Directors in a regular meeting.

A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time, without notice other than announcement at the meeting, until a quorum is present.

Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place are fixed at the meeting adjourned.

## SECTION 10 COMMITTEES

The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees of the Board of Directors, each committee to consist of at least one or more directors of the Corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power to amend the Articles of Incorporation, to adopt an agreement or plan of merger or consolidation, to recommend to the stockholders a sale, lease or exchange of all or substantially all of the Corporation's assets, to recommend to the stockholders dissolution or revocation of dissolution, or to amend these Bylaws, and, unless the resolution or the Articles of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees, if required by the Board, shall keep regular minutes of their proceedings and report the same to the Board of Directors.

## SECTION 11 ACTION WITHOUT MEETING; TELEPHONE MEETINGS

Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Nothing contained in these Bylaws shall be deemed to restrict the powers of members of the Board of Directors, or any committee thereof, to participate in a meeting of the Board or committee by means of telephone conference or similar communications equipment whereby all persons participating in the meeting can hear each other.

## SECTION 12 SPECIAL COMPENSATION

The directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director as fixed by the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees may be allowed like reimbursement and compensation for attending committee meetings.

## **ARTICLE III NOTICES**

### **SECTION 1     NOTICE OF MEETINGS**

Whenever, under the provisions of the Articles of Incorporation or applicable law or these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholders, at his address as it appears on the records of the Corporation, postage prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Notices of meetings of stockholders shall be in writing and signed by the President or a Vice-President or the Secretary or an Assistant Secretary or by such other person or persons as the directors shall designate. Such notice shall state the purpose or purposes for which the meeting is called and the time and the place, which may be within or without this State, where it is to be held. Personal delivery of any notice to any officer of a corporation or association, or to any member of a partnership, shall constitute delivery of such notice to such corporation, association or partnership. In the event of the transfer of stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

### **SECTION 2     EFFECT OF IRREGULARLY CALLED MEETINGS**

Whenever all parties entitled to vote at any meeting, whether of directors or stockholders, consent, either by a writing on the records of the meeting or filed with the secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting; and such consent or approval of stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

### **SECTION 3     WAIVER OF NOTICE**

Whenever any notice whatever is required to be given under the provisions of the statutes, the Articles of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## **ARTICLE IV OFFICERS**

### **SECTION 1 ELECTION**

The officers of the Corporation shall be elected annually at the first meeting by the Board of Directors held after each annual meeting of the stockholders and shall be a President, one or more Vice Presidents, a Treasurer and a Secretary, and such other officers with such titles and duties as the Board of Directors may determine, none of whom need be directors. The President shall be the Chief Executive Officer, unless the Board designates the Chairman of the Board as Chief Executive Officer. Any person may hold one or more offices and each officer shall hold office until his successor shall have been duly elected and qualified or until his death or until he shall resign or is removed in the manner as hereinafter provided for such term as may be prescribed by the Board of Directors from time to time.

### **SECTION 2 CHAIRMAN AND VICE CHAIRMAN OF THE BOARD**

The Board of Directors at its first annual meeting after each annual meeting of the stockholders may choose a Chairman and Vice Chairman of the Board from among the directors of the Corporation. The Chairman of the Board, and in his absence the Vice Chairman, shall preside at meetings of the stockholders and the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect.

### **SECTION 3 PRESIDENT**

The President shall be the chief operating officer of the Corporation, shall also be a director and shall have active management of the business of the Corporation. The President shall execute on behalf of the Corporation all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly designated by the Board of Directors to some other officer or agent of the Corporation.

### **SECTION 4 VICE-PRESIDENT**

The Vice-President shall act under the direction of the President and in the absence or disability of the President shall perform the duties and exercise the powers of the President. The Vice-President shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice-Presidents or may otherwise specify the order of seniority of the Vice-Presidents. The duties and powers of the President shall descend to the Vice-Presidents in such specified order of seniority.

### **SECTION 5 SECRETARY**

The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings. The Secretary shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all

meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or the Board of Directors.

#### SECTION 6 ASSISTANT SECRETARIES

The Assistant Secretaries shall act under the direction of the President. In order of their seniority, unless otherwise determined by the President or the Board of Directors, they shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

#### SECTION 7 TREASURER

The Treasurer shall act under the direction of the President. Subject to the direction of the President, the Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of such person's office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

#### SECTION 8 ASSISTANT TREASURERS

The Assistant Treasurers in the order of their seniority, unless otherwise determined by the President or the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

#### SECTION 9 COMPENSATION

The Board of Directors shall fix the salaries and compensation of all officers of the Corporation.

#### SECTION 10 REMOVAL; RESIGNATION

The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors, or any member of a committee, may