"Restricted Stock Units" means a Stock Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Board and which may be settled for Common Stock, other securities or cash or a combination of Common Stock, other securities or cash as established by the Board.

8. Section 2(bb) of the Plan is hereby deleted and replaced in its entirety by the following:

"Stock Award" means any right granted under the Plan, including an Option, a stock bonus, a right to acquire restricted stock, a restricted stock unit and a stock appreciation right granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Board pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Board may establish.

9. Section 7(d) is hereby added to the Plan as follows:

Restricted Stock Units. Each restricted stock unit agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of the restricted stock unit agreements may change from time to time, and the terms and conditions of separate restricted stock unit agreements need not be identical, but each restricted stock unit agreement shall include (through inclusion or incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

i. **Consideration.** A restricted stock unit may be awarded upon the passage of time, the attainment of performance criteria or the satisfaction or occurrence of such other events as established by the Board.

ii. **Vesting Generally.** At the time of the grant of a restricted stock unit, the Board may impose such restrictions or conditions to vesting, and/or the acceleration of the vesting, of such restricted stock unit as it, in its sole discretion, deems appropriate. Vesting provisions of individual restricted stock units may vary.

iii. **Termination of Service.** In the event that a Participant's Service terminates, any or all of the restricted stock units held by the Participant that have not vested as of the date of termination under the terms of the restricted stock unit agreement shall be forfeited to the Company in accordance with the restricted stock unit agreement, except as otherwise provided in the applicable restricted stock unit agreement.

iv. **Transferability.** A restricted stock unit shall be subject to similar transfer restrictions as awards of restricted stock, except that no shares are actually awarded to a Participant who is granted restricted stock units on the date of grant, and such Participant shall have no rights of a stockholder with respect to such restricted stock units until the restrictions set forth in the restricted stock unit agreement have lapsed. Restricted stock units may be transferred to any trust established by a Participant for the benefit of the Participant, his or her spouse, and/or any one or more lineal descendants.

v. **Voting, Dividend & Other Right**. Holders of restricted stock units will not be entitled to vote or to receive the dividend equivalent rights in respect of the restricted stock units at the time of any payment of dividends to stockholders on Common Stock until they become owners of the Common Stock pursuant to their restricted stock unit agreement. If the applicable restricted stock unit agreement specifies that a Participant will be entitled to dividend equivalent rights, (i) the amount of any such dividend equivalent right shall equal the amount that would be payable to the Participant as a stockholder in respect of a number of shares equal to the number of vested restricted stock units then credited to the Participant, and (ii) any such dividend equivalent right shall be paid in accordance with the Company's payment practices as may be established from time to time and as of the date on which such dividend would have been payable in respect of outstanding shares of Common Stock (and in accordance with Section 409A of the Code with regard to awards subject thereto); provided that no dividend equivalents shall be currently paid on restricted share units that are not yet vested.

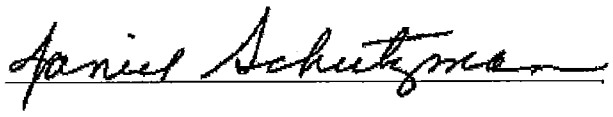
10. Except as modified hereby, the provisions of the Plan shall remain in full force and effect, and the Plan may be restated, as amended hereby, in its entirety.

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 13th day of June, 2016.



JANICE SCHUTZMAN

CSR No. 9509

EXHIBIT 3

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF ANDREW SHAPIRO
San Francisco, California
Monday, June 6, 2016
Volume I

Reported by:
CARLA SOARES
CSR No. 5908
Job No. 2324228
Pages 1 - 322

I don't have a problem with the Cotter family having a say in a mutual agreement as to who gets appointed to the board. I just think the shareholders who have been abused in the past and have risk of abuse in the future get a say in the matter to protect their interests. 17:44:14 17:44:26

BY MR. UYENO:

Q You're touching upon what was going to be my next question, Mr. Shapiro, which is, when you're referring to these Cotter family cronies, is your criticism of them that they're not independent? 17:44:37

MR. SEARCY: Objection. Lacks foundation.

MR. SWANIS: Join.

THE WITNESS: Yes, my criticism of them is that while they may be defined as technically independent under stock exchange rules, they don't come anywhere close to being socially independent but for Bill Gould. 17:44:49

McEachern potentially; but Ed Kane definitely not; Guy Adams certainly not in terms of all of his financial dependence on all the various Cotter largesse that's been bestowed upon him. 17:45:07

Michael Wrotniak, as I may have mentioned in my earlier testimony, is classmates and good friends with Margaret Cotter and the husband of 17:45:25

I, the undersigned, a Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were administered an oath; that a record of the proceedings was made by me using machine shorthand which was thereafter transcribed under my direction; that the foregoing transcript is a true record of the testimony given.

Further, that if the foregoing pertains to the original transcript of a deposition in a Federal Case, before completion of the proceedings, review of the transcript [X] was [ ] was not requested.

I further certify I am neither financially interested in the action nor a relative or employee of any attorney or any party to this action.

IN WITNESS WHEREOF, I have this date subscribed my name.

Dated: 6/17/2016

Carla Soares

CARLA SOARES

CSR No. 5908

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, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,
Defendants.

A-15-719860-B

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF WHITNEY TILSON
Los Angeles, California
Wednesday, May 25, 2016
Volume I

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312209
Pages 1 - 217

BY MR. SEARCY:

Q. All right. Okay. We were talking before the break about the motion for preliminary injunction. I want to come back to a couple of items on that. 02:11PM

Again, assuming that the motion for preliminary injunction was successful, I think you indicated that you'd want to get rid of a couple members of the board of directors?

A. A majority, I said. 02:11PM

Q. Okay. Which members of the board of directors would you seek to take off the board?

A. Probably the two sisters, Kane, and Adams would be the first four.

Q. Anyone else? 02:11PM

A. I don't know. I'd have to consult with other shareholders, but they would be the top of my list.

Q. What about Doug McEachern?

A. I have less strong feelings about him. 02:12PM

Q. How about Bill Gould?

A. Same. More positive feelings towards him.

Q. Judy Codding?

A. I'd like to meet her and talk to her. I've -- I actually know someone who knows her just 02:12PM

personally and heard she's a smart and respected person. Not sure what she brings to the table as it relates to RDI's business, but I'd want to give her a fair hearing.

Q. Other than the conversation that you had with someone who knows her, have you done anything else to investigate or look into Judy Codding? 02:12PM

A. I read her bio.

Q. Anything else?

A. No. 02:12PM

Q. And when you say that you weren't sure what she brings to the table as it relates to RDI's business, is that because she doesn't have a background in --

A. In either real estate or cinema.

THE REPORTER: I'm sorry. In?

THE WITNESS: I'm sorry. He said "cinema," question mark.

THE REPORTER: Did you say "cinema"?

MR. SEARCY: I did.

BY MR. SEARCY:

Q. And you went ahead and answered my next question to boot.

THE WITNESS: Did you get my answer?

THE REPORTER: I did not.

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 31st day of May, 2016.

JANICE SCHUTZMAN

CSR No. 9509

EXHIBIT 5

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc.,	)	
Plaintiff,	)	Case No.
vs.	)	A-15-719860-B
MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,	)	VOLUME IV
Defendants.	)	
READING INTERNATIONAL, INC., a Nevada Corporation;	)	
Nominal Defendant.	)	

CONFIDENTIAL

DEPOSITION OF JAMES COTTER
LOS ANGELES, CALIFORNIA
TUESDAY, JULY 11, 2017

Job No. 2656312
Reported by:
RICKI Q. MELTON, RPR
CSR No. 9400
PAGES 839 - 1260

EXAMINATION 02:32:42

02:32:45

BY MR. RHOW: 02:32:45

Q Good afternoon. Mr. Cotter, Jr., it's 02:32:46
been awhile. Actually, it's been never since I've 02:32:49
gotten to question you. My name is Ekwan Rhow. I 02:32:51
represent Bill Gould. 02:32:54

Let's go back in time, and I know you 02:32:56
covered this -- some of this in the morning, but 02:32:58
I -- just in terms of a time marker, June 12th, 02:33:01
2015, is when there was a vote by the board of 02:33:04
Reading on your termination; right? 02:33:08

A Correct. 02:33:09

Q And you recall that Mr. Gould voted 02:33:09
against your termination? 02:33:13

A Correct. 02:33:14

Q And I take it that you have no issue with 02:33:14
the way that Mr. Gould voted that day? 02:33:17

A I have no issue with his vote, no. 02:33:22

Q You believe his vote was in the best 02:33:24
interest of the company; right? 02:33:26

A Correct. 02:33:29

Q And certainly on that day you do not 02:33:29
believe that Mr. Gould was acting under any 02:33:32
improper conflict of interest. 02:33:35

Q And I'm focused obviously on the "disinterested" part of that phrase. 02:42:04 02:42:06

What does that mean to you, if anything? 02:42:08

A That a director has no interest in the outcome of a transaction that would sway his behavior. 02:42:10 02:42:16 02:42:22

Q And on the day that Mr. Gould voted on your termination, did you believe he was interested or disinterested based on the definition you just provided? 02:42:23 02:42:28 02:42:31 02:42:34

A Well, again, I think that his behavior leading up to my termination suggested to me that there was something else afoot in his behavior for all of the reasons that I had enumerated earlier where he was acting with a purpose to advance Ellen and Margaret's interests. And so am I aware of any financial relationships? No, but I -- I feel as though his behavior suggested that he was acting to advance their personal interests, not the interest of the company. 02:42:34 02:42:38 02:42:45 02:42:53 02:42:57 02:43:05 02:43:12 02:43:20 02:43:22 02:43:25

Q But not his personal financial interests; right? 02:43:26 02:43:26

A Well, I mean to the extent that he curried favor with Ellen and Margaret once he was told that they controlled the voting stock, that would 02:43:29 02:43:34 02:43:38

continue his service on the board of RDI. 02:43:41

Q Other than that -- 02:43:48

A Other than that -- 02:43:48

Q -- you're not aware of any other 02:43:50

financial -- let me -- let me get the question out. 02:43:50

MR. KRUM: Let him finish. 02:43:51

BY MR. RHOW: 02:43:53

Q Other than what you just described, you're 02:43:54

not aware of any other financial interests that 02:43:55

Mr. Gould had with respect to that vote or any 02:43:57

other vote; fair? 02:44:00

A Correct. 02:44:01

MR. KRUM: Objection. Foundation. 02:44:01

BY MR. RHOW: 02:44:03

Q All right. Now, this may sound obvious to 02:44:03

you, but if he had voted -- strike that. 02:44:19

Given that he voted against your 02:44:24

termination, do you think he was favoring your 02:44:26

interest? 02:44:28

MR. KRUM: Objection. Foundation. 02:44:32

THE WITNESS: If -- if he voted against my 02:44:33

termination, was he favoring my interest? 02:44:35

BY MR. RHOW: 02:44:38

Q Yeah. 02:44:39

A Well, I mean -- I mean, I was the 02:44:39

believes it's in the best interest of the company; true? 03:10:20 03:10:22

A It is not inappropriate, did you say? 03:10:22

Q It is -- you know what? I'm saying these double negatives. 03:10:24 03:10:26

It's okay for a board member to consider board harmony if he or she believes it's in the best interest of the company -- 03:10:27 03:10:31 03:10:34

MR. KRUM: Same objection. 03:10:35

BY MR. RHOW: 03:10:36

Q -- right? 03:10:36

MR. KRUM: Same objection. 03:10:36

THE WITNESS: As one factor of -- of many, it might not be inappropriate. 03:10:37 03:10:42

BY MR. RHOW: 03:10:44

Q Good. Let's stop. I'll take that. 03:10:44

All right. My -- my instinct tells me to not ask this, but I'm going to ask this. 03:10:47 03:11:02

MR. KRUM: Go on. Follow your instinct. 03:11:05

BY MR. RHOW: 03:11:06

Q It is possible that prove -- two board members will vote -- will vote differently on an issue while both fulfilling their fiduciary duties; fair? 03:11:07 03:11:09 03:11:10 03:11:14

MR. KRUM: Same objection. 03:11:14

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I, RICKI Q. MELTON, CSR No. 9400, RPR No. 45429, do hereby certify:

That the foregoing deposition testimony of JAMES COTTER, JR., was taken before me at the time and place therein set forth, at which time the witness was placed under oath and was sworn by me to tell the truth, the whole truth, and nothing but the truth;

That the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me and were thereafter transcribed under my direction and supervision, and that the foregoing pages contain a full, true, and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither counsel for any party to said action nor am I related to any party to said action, nor am I in any way interested in the outcome thereof.

IN WITNESS WHEREOF, I have subscribed my name this 17th day of July, 2017.

RICKI Q. MELTON, C.S.R. No. 9400

EXHIBIT 6

ELECTRONICALLY SERVED
09/29/2016 01:39:05 PM

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BIRD, MARELLA, BOXER, WOLPERT,
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1875 Century Park East, 23rd Floor
Los Angeles, CA 90067-2561

Attorneys for Defendants William Gould and
Timothy Storey

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

/

Reading International, INC., a Nevada corporation;

Nominal Defendant.

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

Coordinated with:

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

Case No. A-16-735305-B
Dept. XI

Jointly Administered

DR. ALFRED E. OSBORNE, JR.'S REBUTTAL TO THE EXPERT REPORT OF MYRON STEELE AND DR. ALFRED E. OSBORNE, JR.'S REBUTTAL TO THE EXPERT REPORT OF RICHARD SPITZ

MAUPIN, COX & LeGOY
ATTORNEYS AT LAW
P.O. BOX 30000
RENO, NEVADA 89520
(775) 827-2000

T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT, et al.,

Plaintiffs,

vs.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARDS KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, AND DOES 1 THROUGH 100, INCLUSIVE,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Dr. Alfred E. Osborne, Jr.'s Rebuttal to the Expert Report of Myron Steele is attached hereto as **Exhibit A**. Dr. Alfred E. Osborne, Jr.'s Rebuttal to the Expert Report of Richard Spitz is attached hereto as **Exhibit B**.

DATED this 29th day of September, 2016.

MAUPIN, COX & LeGOY

By _____
DONALD A. LATTIN, ESQ., #693
CAROLYN K. RENNER, ESQ. #9164
Attorneys for Defendants
William Gould and Timothy Storey

MAUPIN, COX & LeGOY
ATTORNEYS AT LAW
P.O. BOX 30000
RENO, NEVADA 89520
(775) 827-2000

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of September, 2016, I caused a true and correct copy of the forgoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

Kaitlin Arnold
Employee

LAUFIN, COX & LEGOY
ATTORNEYS AT LAW
P.O. BOX 30000
RENO, NEVADA 89520
(775) 827-2000

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EXHIBIT A

AUPIN, COX & LEGOY
ATTORNEYS AT LAW
P.O. BOX 30000
RENO, NEVADA 89520
(775) 827-2000

DR. ALFRED E. OSBORNE, JR.'S REBUTTAL TO THE EXPERT REPORT OF MYRON STEELE

DR. ALFRED E. OSBORNE, JR.'S REBUTTAL TO THE EXPERT REPORT OF MYRON STEELE

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

I. ASSIGNMENT AND QUALIFICATIONS

1. Justice Myron Steele was retained by counsel for the plaintiff James J. Cotter, Jr. ("JJC"), to provide his expert opinion on the conduct of the Director Defendants as alleged in the Second Amended Complaint ("SAC") in the above-referenced matter. I have been jointly retained by counsel for William Gould ("WDG") and counsel for Ellen Cotter ("EC"), Margaret Cotter ("MC"), Ed Kane ("EK"), Douglas McEachern ("DM"), Judy Codding ("Codding"), and Michael Wrotniak ("MW") for the purpose of responding to Justice Myron Steele's opinion as it pertains to: (1) the conduct of the Defendants in creating and acting through the Executive Committee comprised of EC, MC, EK, and Guy Adams ("GA"); (3) the conduct of the Defendants regarding the process used to appoint EC as President and CEO; (4) the conduct of Defendants regarding the process to appoint MC as Executive Vice President-Real Estate Management and Development-NYC; (5) the award of revised compensation to EC, MC, and GA; and (6) the response of the Defendants to an offer from a third party to purchase all of the outstanding shares of the Company's stock.

2. My qualifications are set forth in my August 25, 2016 Expert Report in this matter. In formulating my opinions, I have relied on my knowledge, prior experience, and formal training in economics, finance, and business management. As a member of several boards of directors for more than

30 years, I have developed considerable experience in the hiring of CEOs and the use of executive search firms in that process. My board service is broad and extensive, so I am knowledgeable about the use of board committees, compensation of directors and executives, appointments of executives, and purchase offers.

3. In performing my analysis, I have examined a variety of materials, including legal pleadings, RDI's Bylaws and Articles of Incorporation, RDI's Board or Committee Minutes, and the Agenda and supporting materials established for the various meetings, RDI's filings with the SEC, deposition exhibits, and deposition testimony. In forming my opinions, I considered the materials attached as Exhibit 3 to my August 25, 2016 Report. Attached as Exhibit A is a list of additional materials I relied on.

II. SUMMARY OF OPINIONS

4. Justice Myron Steele (hereafter "Justice Steele" or "Steele") is a former Chief Justice of the Delaware Supreme Court. He offers no opinions as to the custom and practice regarding the various challenged corporate actions. Instead, his expert "opinion" is merely a legal argument about what he thinks a Delaware court would hold as a legal matter if (and only if) a fact-finder made various factual findings. His conditional assumptions about what a fact-finder may do are a qualifying precedent to each legal opinion rendered. Steele notes that IF the Defendants were not disinterested and independent, and IF entire fairness applies, and IF the Defendants acquiesced to the wishes of the controlling stockholders, then

the Defendants breached their duty of loyalty. Steele's final conclusion relies on stringing together several assumptions that, when taken together, ignore the actual conduct and processes followed by the Board of Directors and its delegated committees in real time, all of which, based on my experience on boards and educating and working with directors and officers, and my knowledge of corporate governance, were appropriate and consistent with good governance practices.

5. From the outset, I note that I am not a lawyer, and I am not opining on the law or what a finder of fact would find or not find. Instead, I will focus on rebutting the assumptions that Judge Steele relies upon based on my expert knowledge of the custom and best practice of boards of directors and board members.

6. The evidence does not support Justice Steele's conditional opinion that the Defendants all put their individual economic interests and/or friendships ahead of all shareholders and the corporation. As discussed below in detail, when taking into account the context and dynamics of the RDI Boardroom and taking a pragmatic approach towards relationships in the Boardroom, it is my opinion (based on my extensive knowledge of boards of directors) that decisions were made by a majority of independent directors in each of the above-listed transactions examined by Justice Steele.

7. Justice Steele does not discuss and does not opine on whether any of the directors engaged in intentional misconduct with respect to: (1) the

third-party offer, (2) the repopulation of the executive committee, or (3) the payments to EC, MC, and GA. As to Justice Steele's suggestion that a finder of fact could find that the CEO Search Committee's ("CEOSC") actions constituted intentional misconduct and a finder of fact could find that directors' actions in appointing MC as EVP-RED-NYC constituted intentional misconduct (Steele at 31), I find that opinion speculative and reaching. In any event, as discussed in detail below, because my analysis of the events and the specific facts considered in the decision-making processes established by the Board of Directors and its standing and special committees finds that the CEO search and the appointment of MC were appropriate, and consistent with good governance practice and the obligations of an independent director, there was no misconduct and therefore no intentional misconduct.

8. Stated simply, Justice Steele's assumptions are incorrect, and his conclusions vague and speculative. In particular, Justice Steele's analyses of: (1) the CEO search process, (2) the appointment of EC and MC to their executive positions, (3) the reorganization of the Executive Committee, and (4) the Board's response to the unsolicited offer are flawed and simply incorrect, when considered in their total context. Overall, I find that the processes used by the Board with respect to each of the specific challenged actions were fair, appropriate, and consistent with good governance practices. In particular:

a. The conduct of the CEOSC was consistent with good governance practice in the search for a CEO, the selection of EC by the CEOSC was reasonable and appropriate in the judgement of an independent and disinterested CEOSC, and the CEO search was conducted to the satisfaction of the Board, which was fully informed as to the activities of the CEOSC by memorandum and presentation;

b. The appointment of MC to a senior position was appropriate and consistent with good governance practice given the recommendation by EC, the CEO of the Company, because the Board should support the CEO in her choice of team;

c. The Board's approval of the Executive Committee was appropriate and consistent with good governance practice, because such committees are a useful way to streamline decision making and, for this reason, many boards use executive committees. The conduct of the Executive Committee to date in apprising the Board of all of its actions and the types of actions it has taken does not suggest that it is being used to minimize the involvement of any directors;

d. The Board appropriately relied on its independent committees and experts to approve compensation to EC and MC and payments to MC related to the termination of her Consulting Agreement with the Company, and the process used by these committees in determining the fact and amount of such payments and

compensation was fair and appropriate, as was the process used to determine the one-time payment to Adams; and

e. The Board's decision to reject the conditional, unsolicited third-party offer without first incurring the expense of hiring outside experts to value the Company was reasonable, consistent with the duties the Directors owed to the Company and its shareholders, and consistent with good corporate governance practice, given that, following a detailed presentation by the CEO (which summarized earlier presentations by the CEO and CFO of the Company's strategic direction and current financials), among other reasons, the offer appeared to be grossly undervalued. There was no obligation in this situation to do any more.

9. In sum, Justice Steele's "IFs" and "COULDs" are all incorrect assumptions given the facts in this case and the standards of good governance practice. In particular, I find that the RDI Board is independent and disinterested because directors EK, DM, WDG, MW, and Codding as individuals are independent and disinterested. Simply being a friend or a friend of a relative (or a relative of a friend) to JJC, MC, and EC does not a *priori* make that individual not independent. As to each of the individual challenged actions, I find the members of the Board of Directors acted reasonably and consistent with appropriate governance practice at a Controlled Company, and that the processes employed by the Board

and each of the relevant committees with respect to each challenged action were fair.

III. DIRECTOR INDEPENDENCE, GENERALLY

10. **Ed Kane:** Justice Steele opines that "***if*** a finder-of-fact finds that [Ed Kane] is beholden to EC and MC as a result of their relationship, he would not be considered independent of EC and MC under Delaware law." Steele Rep. at 25 (emphasis added). Justice Steele bases that opinion on his claim that EK is very close to EC and MC, who refer to him as "Uncle Ed."

11. In my opinion, EK is independent for each of the challenged actions enumerated above. EK's long-standing relationship with the Cotter siblings is open and transparent to all of the other members of the Board. His primary relationship was his friendship with Cotter, Sr. Kane Dep. at p. 29. His relationship with all three Cotter children is substantially similar—he has known them all since birth, and they have all called him "Uncle Ed" at one time or another. Kane Dep. at pp. 36-37. EK's non-business relationship with the Cotter siblings, which appears in recent years to consist of occasional dinners, does not seem any more significant than many relationships between directors or between directors and officers that I have observed on boards that I have served on or advised over the years, and many of those directors were considered independent for decision-making purposes.

12. My opinion that the relationship between EK and the Cotter siblings does not interfere with his independent decision-making is also based on the fact that EK had a long-standing relationship with all three Cotters, and JJC on the one hand, and EC and MC on the other hand, advocated for different positions for all of the challenged actions. As such for each of the challenged transactions, a relationship with the Cotters would not necessarily influence EK in one direction as opposed to the other. I do not see any evidence that EK sided only with EC and MC. I note that EK supported appointing JJC as CEO in the first instance, and supported many of JJC's positions during his tenure as CEO. See, for example, JJC Dep. at 178-180-183; 350-53; 369-370; Dep. Exh. 187. And EK has said that as a "director of this company ... I do what I think is in the best interest of the shareholders and the employees of the company. I don't mix my personal feelings for [the Cotter siblings] with my decisions." Kane Dep. at 37-38.

13. In addition, I see potential benefits to shareholders from EK participating in voting on the challenged actions. Because EK was friends with Cotter, Sr. he knew all three Cotter siblings well, and may therefore be a better judge of the temperament and character for leadership and fair dealing of JJC, EC, and MC.

14. **Guy Adams:** Justice Steele states that "Adams derives a substantial portion of his income from entities that are currently controlled by EC and MC as co-executors of JJC, Sr.'s estate." Steele Rep. at 30. Based on

this alleged fact, Justice Steele opines that "***if*** a finder of fact finds that [Adams] is beholden to EC and MC, then he was not independent at the time the challenged actions were made." Steele Rep. at 26 (emphasis added). None of the decisions at issue that involved GA's vote expressly benefitted him. While I have reviewed testimony indicating that GA received income from Cotter-controlled entities, I have not seen any evidence that EC or MC—either explicitly or implicitly—threatened GA's income from any source if he did not vote to their liking. However, based on my opinion on the independence of the other directors (discussed below), I do not need to reach an opinion on GA's independence in order to determine that the relevant decisions were made by an independent and disinterested majority on the Board and the committees. Therefore, I have not, as part of my work on this matter, formed an expert opinion as to GA's independence.

15. **Other Directors:** Justice Steele does not opine on the other directors' independence generally, so I will discuss the independence of WDG, DM, Codding, and MW below in the specific context of the CEO search, because Justice Steele appears to assert that they may not be independent with respect to only that particular action. For the reasons, discussed below, however, I find all four directors are generally independent with respect to the challenged actions enumerated above.

IV. THE CEO SEARCH PROCESS

16. Justice Steele concedes that there is no Delaware case law that governs the fiduciary duties and standards applicable to the appointment of officers. Steele Rep. at p. 29. Despite this fact, Justice Steele's "opinions" regarding the CEO search consist entirely of what a Delaware Court would find if a fact-finder made various factual findings. As discussed below, Justice Steele's hypotheticals are all invalid because they are inconsistent with the facts, the basic tenets of good corporate governance, and the practicalities of CEO searches.

17. With respect to Justice Steele's specific "opinions" regarding the CEO search process, Justice Steele **first** concludes that if a finder of fact found that a majority of the CEOSC, in recommending that EC be appointed as CEO, or the Board itself, in appointing EC as CEO, was not disinterested and independent, then entire fairness would apply. Steele Report at p. 30. Steele appears to contend that a fact-finder may find that the CEOSC or Board was not interested or independent because of the relationship between EC and certain members of the Board and the fact that EC and MC had demonstrated in the past that as controlling stockholders, they would remove members of the Board if they did not approve of their actions. Steele Report at p. 30. This assertion is not supportable. Both a majority of the CEOSC that voted to recommend EC and a majority of the Board that voted to appoint EC as CEO were disinterested and independent with respect to appointing EC as CEO.

a. **Independence and Disinterest of CEOSC.** At the time that the CEOSC recommended that EC be appointed as CEO, the CEOSC was comprised of MC, DM, and WDG. Dep. Exh. 416. MC recused herself from the vote and both DM and WDG voted to recommend EC as CEO. Dep. Exh. 313. In my opinion, both DM and WDG are disinterested. Neither DM nor WDG personally received any benefit or suffered any detriment, let alone one of a subjective material significance, as a result of the CEO search. And Steele does not appear to contend otherwise. Steele Rep. at 23-24. Further, in my opinion, both DM and WDG are also independent. Both WDG and DM are independent under NASDAQ rules. NASDAQ Listing Rule 5605(a)(2). Neither DM nor WDG had any relationship with EC apart from serving on the RDI Board with her.

i. Steele contends that a fact-finder could rely on "the fact that EC and MC had demonstrated in the past that as controlling stockholders they would remove members of the Board if they did not approve of their actions." This is wrong both as a principle of corporate governance and as a factual matter. As a factual matter, Steele relies exclusively on testimony from GA. Steele Rep. at p. 30 (citing Adams at p. 274). But the cited GA testimony does not say that EC and MC had in the past removed members of the Board if they did not

approve of their actions. Rather, GA testified that the three people on the nominating committee were unanimous in a decision not to re-nominate Director Timothy Storey, and that, while the controlling stockholders were not going to support Storey's re-nomination and vote for him, each person had their own reasons not to support Storey's nomination. Adams Dep. at 272-277. Nowhere does GA state that the controlling shareholders did not support Storey because they disagreed with his prior votes. In any event, as a matter of corporate governance, by definition a controlling shareholder can always decide not to vote for a director, if the shareholder does not like the director's action. If knowledge of this possibility caused a director to not be independent, it would mean that a controlled company could not have an independent board, and that is certainly not the case.

ii. But even more importantly, Steele does not explain why WDG—a name partner in a law firm—or DM—a former Deloitte & Touche partner—would abdicate their fiduciary duties to the Company merely to ensure that they stayed on the Board. That is especially true, where, as here, 2015 director payments were only approximately $85,000,

including a special one-time $25,000 payment.[1] RDI 2015 Proxy Statement. And there is no evidence that such an amount is material to WDG's or DM's net worth. Indeed, the Plaintiff himself does not believe that WDG and DM's independence is compromised. He has conceded that both WDG and DM are independent. JJC Dep. at 79-80, 84-86.

iii. In addition, Justice Steele recognizes that a director is independent if his decision is based on the merits of the matter at hand, rather than extraneous influences. As discussed in detail below, WDG and DM both made the decision to recommend EC because they thought that she was the best choice for CEO, based on attributes that are typically taken into account in choosing a chief executive. In short, based on my extensive experience with boards of directors, by every measure, I conclude that WDG and DM were independent. Because both WDG and DM were independent and disinterested, the decision to recommend EC was made by a majority of independent and disinterested members of the CEOSC.

b. **Disinterested and Independent Board of Directors:** At the time that the Board voted to appoint EC as permanent CEO, the Board of Directors was comprised of JJC, EC, MC, WDG, DM, EK,

[1] WDG made $85,000 in director compensation in 2015; DM made $81,000. 2015 RDI Proxy Statement.

Codding, and MW. The Board voted 7-1 to appoint EC permanent CEO, with EC not participating and JJC voting against. JCOTTER008369-8372. As discussed above, EK, WDG, and DM were independent. Codding is also independent. While she is friends with Mary Cotter, the Cotter siblings' mother, she does not appear to have a close relationship with any of the Cotter siblings. EC Dep. at 307-308. Similarly, MW is married to a friend of MC. MW does not appear to have any significant independent relationship with MC. They see each other about once per year, and he contacts her if he wants theater tickets. MC at 320-321. Again, this minimal type of relationship does not cause any concern about director independence. There is no reason to believe that either Codding or MW would be so interested in maintaining their recent Board positions that they would abandon their fiduciary duties and do what the controlling shareholder wanted. This is especially true because there is no evidence that the director fees were significant in light of Codding or MW's overall net worth. With EK, WDG, DM, Codding, and MW all independent, that means that EC was appointed by an independent and disinterested majority.

18. **Second**, Justice Steele concludes that "***if*** a finder of fact finds that EC was not appointed by an independent and disinterested majority, a Delaware court would likely find that the process used to appoint EC as CEO was not entirely fair." Steele Rep. at 30 (emphasis added). I

disagree. As discussed above, based on my extensive experience serving on boards and in training directors, officers, and future directors and officers on how to avoid conflicts, it is my opinion that EC was appointed by an independent and disinterested majority, and as a result, under Justice Steele's articulation of Delaware law, entire fairness is not the correct standard. But even if entire fairness did apply, based on my experience with executive searches, for the reasons discussed below, I conclude that the process used to appoint EC as CEO was fair and consistent with good governance practices.

a. Attached as Exhibit B is a timeline for the CEO search process. This timeline diagrams the key activities and communications that occurred during the process, which lasted some six months. In my opinion, the CEOSC and the RDI Board conducted a transparent and even-handed process. I discussed this process extensively in August 25, 2016 Declaration, and I incorporate paragraphs 45-48 here.

b. As noted in the search process timeline, the CEOSC received assistance from Korn Ferry International ("KFI") an executive search firm retained in August 2015. The CEOSC worked with KFI in September and October to develop position specifications based on their initial views of the desired experience areas. After KFI recommended candidates for interviews, but before the interviews began, EC resigned from the CEOSC. The CEOSC then

conducted most of the interviews in November. The CEOSC interviewed EC and another candidate in December. After EC's resignation, the CEOSC was comprised of MC, DM, and WDG. With DM and WDG both independent and disinterested, the CEOSC had a majority of independent and disinterested directors to consider the final five candidates, and at the same time to consider EC's candidacy relative to the capabilities of all finalists in context of RDI's total needs. WDG assumed the leadership of the CEOSC and led the search to its conclusion. After interviewing the KFI-recommended candidates and EC, and discussing the pluses and minuses of the EC candidacy and her qualifications (both objective and subjective skills), the majority of disinterested and independent directors on the CEOSC (WDG and DM), voted 2-0 to recommend EC to the Board of Directors. As WDG explained:

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

Gould Dep. at 368.

c. In my experience, the reasons stated by WDG recommending EC over the other candidates that were interviewed are acceptable, legitimate reasons to prefer a candidate and are consistent with good corporate governance practices. Even if an outside candidate has superior technical skills, where an inside candidate knows the culture, the people, a deep understanding of corporate history, already commands respect from employees, officers, and directors of the Company, will support continuity, and is aligned with the controlling shareholder and shareholder interests generally, the selection of an inside candidate is a reasonable business decision. That is because such an inside candidate is most likely able to mitigate the risk inherent in a company with significant controlling shareholders embroiled in litigation. Any gap in technical skills (such as EC's alleged lack of real estate development experience) can be readily dealt with by hiring an employee or consultant with that skill set to advise the CEO. In my opinion, hiring an outsider into the uncertain situation at RDI represents a larger risk to shareholder value.

d. The full Board, which, as discussed above is composed of a majority of independent and disinterested directors, provided oversight to the search process. After a discussion that all of the Directors participated in, the Board accepted the recommendation of its independent and disinterested committee and appointed EC

CEO, voting 7-1 with JJC casting the sole negative vote (and EC not participating in the voting).

e. I conclude that the CEOSC and the RDI Board conducted a transparent and even-handed process. While different candidates may display differing capabilities relative to the Position Specification and the total demands for the job, including both hard and soft skills, a subjective element which has to be taken into account, is the fit with the existing RDI culture and experience with the key elements of the business. Based on my experience and my review of the deposition testimony, deposition exhibits, and other documents, I believe that the decision of the CEOSC is reasonable and prudent, and that the CEOSC and the RDI Board fully complied with all of their obligations as directors to the Company and the shareholders.

19. **Third**, Justice Steele opines that a finder of fact could find that EC and MC intentionally manipulated the search for a new CEO in order to ensure that EC be appointed to the position. Steele Rep. at 31. Based on my experience with CEO searches, it is my opinion that the search was not manipulated in order to ensure that EC was appointed. Both EC and MC, along with WDG and DM, were interviewed by KFI regarding their views on the desired qualifications and characteristics for the CEO. EC, MC, WDG, and DM all initially emphasized that they were looking for a CEO with experience in real estate development. Mayes Dep. at 15:25-16:3;

71:10-16. As a result, the Position Specification emphasized real estate development experience. Dep. Ex. 308 (noting that specific qualifications will include "minimum of 20 years of relevant experience with the real estate sector" and a "proven track record in the full cycle management of development investments from planning and entitlement through infrastructure development, land sales, joint ventures and vertical construction with a proven record of value creation."). It is my understanding from reviewing documents and deposition testimony that, while EC had some real estate experience, she did not have the level of experience described in the Position Specification. Mayes Dep. at 68. If EC and MC had intentionally manipulated the search for a new CEO to ensure that EC was appointed, as Steele suggests, they would have helped to develop an original position specification that closely matched EC's qualifications. But EC and MC did not do so.

20. Nor can I conclude that the change in direction to put an increased emphasis on operating the company was part of an effort by EC and MC to intentionally manipulate the search. After interviewing candidates with real estate development experience, the CEOSC realized that those skills may have been overemphasized. Mayes Dep. at 15-16. Gould Dep. at 321-322. The members of the CEOSC were not the only directors who believed that real estate development experience had been overemphasized. JJC also opined that the original Position Specification was too focused on real estate development experience, and JJC was

clearly not trying to ensure that EC was appointed CEO. JCOTTER016893-95 ("This is not a CEO specification. That is a specification for a glorified director of real estate position.") The fact that the CEOSC changed the position requirements does not indicate that the search was manipulated. To the contrary, in my experience, it is not unusual that what a company is looking for would change during the process of the search. Mr. Mayes' testimony on this point is consistent with my experience that these changes can occur for any number of reasons, including changes in the nature of the business or a realization that the focus was slightly off during the course of trying to fill the role. Mayes Dep. at 52-53.

21. Mr. Steele also opines that a fact-finder could conclude that "through their control of the Board, [EC and MC] prevented the other directors from making an informed independent decision." Based on my experiences serving on boards that have conducted CEO searches and training directors on how to responsibly carry out their duties, it is my opinion that both WDG and DM made an informed, independent decision. Both WDG and DM behaved in a thoughtful and effective manner. They were fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of their responsibilities in the interview sessions with potential candidates, in the CEOSC deliberations, and in recommending EC as CEO. Indeed, as KFI's Robert Mayes testified, he had sophisticated conversations with both WDG and DM. Mayes Dep. at 73:4-14. WDG

and DM met with several high-quality external candidates, then carefully thought through what the Company needed at this point in time and concluded that EC was a better choice than any external candidate. Gould Dep. at 368; McEachern Dep. at 458:23-460:4; 472:5-12. The decision of the CEOSC, and in turn of the Board in accepting the recommendation of the CEOSC, was reasonable and prudent, and reflected informed, independent decision-making.

22. Justice Steele also opines that a finder of fact could find that "these actions" constituted "intentional misconduct, given the CEO Search Committee's affirmative decision not to have Korn Ferry perform any of its proprietary assessments and to revise the qualifications necessary for the CEO." Justice Steele does not specify which or whose actions a finder of fact could find constituted intentional misconduct. But as I previously explained, based on my experience, I find that the CEO search was conducted adequately and with due care, and that both WDG and DM's actions on the CEOSC were consistent with good corporate governance and their obligations as independent directors, and, as such, there was no misconduct, let alone intentional misconduct.

    a. I have already discussed the fact that the revised qualifications are not unusual for CEO searches and that it is a practical reality of a search that directors who are trying to make the best decision for the Company will continue to revise and update position specifications as the need becomes apparent.

b. Similarly, there is nothing wrong with the CEOSC's decision not to have KFI perform any of its proprietary assessments. In my experience with CEO searches, the plan established by the executive search firm does not always proceed as planned, nor does it go to some expected conclusion. The CEOSC can alter the agreed plan with KFI as it sees fit, in deciding what activities to pursue in carrying out its responsibilities. In this instance the CEOSC supported aspects of the initial KFI plan, then changed some proposed activities later in the process, but still interviewed all of the recommended candidates, plus EC who was given very careful scrutiny. In the end, the CEOSC decided to recommend EC to the Board, which meant that it did not require a proprietary assessment, given the CEOSC's and the Board's long history with EC and the fact that she had already been acting as CEO for six months. Even the KFI witness conceded that the assessment would not be useful as an evaluation tool for EC. Mayes Dep. at 67.[2]

In sum, I conclude that the CEO search process, as conducted by the CEOSC composed of a majority of independent and disinterested directors, was even-handed and entirely fair. The Board reviewed and concurred in their recommendation by voting to elect EC CEO.

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[2] By not proceeding with the assessment, the CEOSC saved RDI $35,000. Dep. Exh. 373; RDI0058287-58297.

JCOTTER008369-8372 (referring to Dep. Exh. 313). The Steele IFs string together a scenario that is speculative and simply wrong.

V. THE APPOINTMENT OF MC TO AN EXECUTIVE POSITION

23. In March 2016, MC was appointed EVP-RED-NYC. RDI0054790-54807; March 15, 2016 RDI Form 8-K. Justice Steele opines that "a finder of fact may conclude that the Board intentionally selected a less qualified candidate in order to acquiesce to the wishes of the controlling stockholders, notwithstanding the fact that the Board knew that she was less than qualified." Steele Rep. at 30. As an initial matter, once again, Justice Steele is not opining that the Board did intentionally select a less-qualified candidate. Rather he is merely offering an opinion that a ***fact-finder may*** find that the Board intentionally selected a less-qualified candidate. As discussed below, based on my experiences on Boards and in teaching corporate governance, I find that the Board acted appropriately and consistent with good governance practices in approving EC's recommendation of MC for the role of EVP-RED-NYC. Because the Board acted reasonably and appropriately, there is no basis to conclude that they intentionally selected a less qualified candidate.

24. As CEO, EC appointed MC to an executive vice president role with the advice and consent of the Board of Directors (which, as discussed above, is composed of a majority of disinterested and independent directors). RDI0054790-54807. The Board voted 6-0 in favor of the appointment, with EC and MC not participating, and JJC abstaining. *Id.* The

appointment of MC to a senior position is entirely within EC's prerogative as CEO. EC is entitled to choose the employees that she believes will allow her to best carry out her work. This is her choice to make, and all Board members should support her decision and endeavor to help her succeed for the company and all of its shareholders. Then, as events unfold, the Board, in its oversight function, has the responsibility to hold EC accountable for the performance of the company and its key units.

25. Ignoring this division of responsibility between CEO and Board with respect to the appointment of senior executives, Steele's opinion appears to rest exclusively on his contention that "[b]efore JJC's removal from the Board, the majority of the Board found MC to be unqualified to serve in that role." Steele Rep. at 31. I note that Steele does not cite any documents or testimony for this assertion whatsoever. And my understanding is to the contrary.

a. GA testified that he hadn't initially formed an opinion as to whether or not MC was qualified to serve as head of NY Real Estate but over time, after viewing her success with landmarking and her deep knowledge of the properties themselves, was convinced that she was qualified. Adams Dep. at 150-51; 178-79.

b. Similarly, EK testified that by the time of JJC's termination, he was persuaded by MC's handling of the landmarking process, her handling of Stomp, and the pre-development of the New York

properties that MC was qualified to lead the New York real estate development. Kane Dep. at 57; 72-3.

c. EC testified that she had confidence in MC's ability to lead New York real estate development. EC Dep. at 55-60.

d. There is no evidence that DM ever thought that MC was unqualified; he did testify that he was impressed with her work in the landmark process and believed MC created an enormous amount of value. McEachern Dep. at 262-3.

e. Both Codding and MW, who voted in favor of MC's appointment, were not on the Board at the time JJC was terminated, and I am not aware of any evidence that either Codding or MW ever thought MC was not qualified for the role.

f. While WDG did testify that, at one point, he did not view MC as being qualified to lead a major real estate project (Gould Dep at p. 64), it was before MC demonstrated her competence through her handling of the landmarking process, the Stomp litigation, and her work on the pre-development phase of the NY project. I find it reasonable that a director would change his mind about someone's abilities over time, especially where, as here, MC hired a consultant, Michael Buckley, who does have significant real estate experience.

26. Based on all of the above, Justice Steele's unsupported factual assertion appears to be erroneous.

27. While I have no opinion on whether MC was in fact qualified to be EVP-RED-NYC, I find that taking into account: (1) MC's team that she would work with; (2) her willingness to hire people to help her with areas where she was less experienced; and (3) MC's other highly developed skills, including project specific knowledge, was appropriate and it was an adequate basis on which a director could approve the CEO's choice of senior team. I find that the Board of Directors acted responsibly and consistent with good corporate governance and complied with their obligations as independent directors when they approved EC's choice of MC for a senior position in New York real estate.

VI. COMPENSATION OF EC AND GA; PAYMENT TO MC

28. Justice Steele also addresses what he deems are "substantial bonus" payments to MC and GA, and EC's "revis[ed] compensation." Steele Rep. at 31. Steele opines that "[w]hile an independent compensation committee can be used to award salaries and bonuses to officers, ***if*** a finder of fact determines that the directors who decided EC's, MC's, and Adams' compensation and bonuses were not independent, including by the directors, other than EC and MC acquiescing to EC and MC's wishes as controlling stockholders, entire fairness will apply." Steele Rep. at 32 (emphasis added). As an initial matter, I disagree that the directors who decided these compensation and other payments are not independent.

29. All three payments were approved in March 2016. March 2016 Form 8-K.

30. The Compensation Committee recommended EC's executive compensation. RDI0054790-54807. At the time, the Compensation Committee consisted of Codding, EK, and GA. RDI 2016 Proxy Statement. As discussed above, both Codding and EK were independent and disinterested, and therefore the Compensation Committee was independent.

31. The Compensation Committee along with the Audit and Conflicts Committee recommended MC's payment. RDI March 15, 2016 Form 8-K. The Audit and Conflicts Committee consisted of DM, EK, and MW. RDI 2016 Proxy Statement. DM, EK, and MW are independent and disinterested for the reasons discussed above.

32. Moreover, as discussed above, the larger Board of Directors that approved the executive compensation, director compensation, and other payments at issue was also independent.

33. Next Justice Steele opines that if a finder of fact finds that the process used to revise EC and MC's compensation and to determine the bonuses for MC and GA was not entirely fair; the Defendants have breached their duty of loyalty under Delaware law. Steele Rep. at 32. I note that this is irrelevant because these decisions were all made by a majority of disinterested and independent directors on the relevant committees and the full Board. I further note that, once again, Justice Steele himself is not opining that the process used for the challenged payments was not entirely fair. And, in my opinion, based on my experiences with such

payments, there is no basis to so find. For the following reasons, it is my opinion, based on my experiences on boards in awarding compensation and approving payments and my knowledge of corporate governance, that the process used to approve the challenged payments was appropriate, consistent with good governance practice, and fair.

34. With respect to the executive compensation of EC (and MC) that was recommended by the Compensation Committee and approved by the full Board, it was entirely appropriate for the Board to accept the recommendation of the independent and disinterested Compensation Committee. The Compensation Committee evaluated compensation considerations with the assistance of experts who indicated that the total compensation that had been paid to EC was below the 25th percentile in a comparison to similar companies. RDI March 15, 2016 Form 8-K. Based on the information provided by these experts, the amounts approved to be paid EC and MC was well within the range of what similarly situated executives earn. RDI March 15, 2016 Form 8-K. At the full Board Meeting, WDG asked the directors present if there were any questions about EC and MC's proposed executive compensation, and there were none. RDI0054790-54807. No one voted against EC and MC's proposed executive compensation, including Plaintiff. *Id.*

35. With respect to the $200,000 payment to MC in March 2016, Justice Steele characterizes that payment as "a substantial bonus." Steele's characterization is inaccurate. The $200,000 was compensation for work

outside her existing consulting agreement and in consideration for certain releases and waivers granted by her company as part of the termination agreement between RDI and MC's company. RDI March 15, 2016 Form 8-K. In my opinion, it is consistent with good corporate governance to pay a contractor for additional work and in consideration for releases and waivers. The particular amount paid - $200,000 - was discussed, considered, and recommended by two separate committees of the Board—both the Compensation Committee and the Audit and Conflicts Committee. RDI March 15, 2016 Form 8-K; RDI0054871-54875; RDI0054871-54786; RDI0054787-54789. The Board was entitled to rely on the recommendation of either or both of these independent and disinterested committees. Based on my experience, the directors who accepted these recommendations and voted to approve the payments acted appropriately, acted consistently with good government practices, and consistently with their obligations as directors.

36. Finally, with respect to the extra payment of $50,000 to GA in March 2016, EC proposed the payment at a Board Meeting. RDI0054790-54807. EC explained that GA had rendered extraordinary services and devoted significant amounts of time beyond what was typical for a director. *Id.* His services included assisting EC during her transition to interim and then permanent CEO, advising on investor relations, traveling to New York to assist in the evaluation of the Union Square Project, assisting with other potential transactions, and significant time spent on the Compensation

Committee and the Executive Committee. *Id.* Based on my experience with executives' and directors' compensation, it is not unusual to reward a director with an additional payment when the director has spent an extraordinary amount of time on Company business. The payment is also consistent with the general practice of the RDI Board, which previously approved one-time payments for significant time spent on RDI business above and beyond what was typically expected of RDI directors. Kane Dep. at p. 487-498; RDI 2015 Proxy Statement. The Board voted 7-1 in favor, with GA not participating, and JJC voting against. RDI0054790-54807. Codding, MW, WDG, DM, EK, MC, and EC all voted to approve the payment. *Id.* Here, because the one-time payment was at the recommendation of the CEO who worked closely with GA, was based on specific projects that required increased expenditures of time, and was within the range of other one-time payments made by the Company to the Board members, the Directors' approval was rational, appropriate, and consistent with their obligations as directors.

VII. THE REORGANIZATION OF THE EXECUTIVE COMMITTEE

37. With respect to the Executive Committee, Steele opines,

> If a finder of fact finds that the EC Committee was repopulated and reactivated in order to minimize the involvement of JJC and the other directors who voted not to terminate JJC, then those actions likely constitute a breach of ... duty of loyalty ... of the other Defendants, who acquiesced to the controlling stockholders personal wishes.

Steele Rep. at 33 (emphasis added).

38. Boards often establish an executive committee to act on behalf of the board between meetings and/or to vet or to serve as a sounding board for emerging issues, strategies, or transactions. The substance of those conversations would subsequently be presented to the full board for further discussion and final action.

39. An executive committee works under delegated authority from the board, which is ultimately responsible for the resolution of matters which are placed on its agenda. The authority granted to the RDI Executive Committee was "to take any and all actions that the Board may take (other than as restricted by Nevada law and the Bylaws of the Company) between the regular and special meetings of the Board of Directors." Dep. Ex. 348. There is nothing unusual about the authority granted to the RDI Executive Committee, and it is consistent with the authority of other executive committees I have seen and/or have served on myself.

40. Here, it appears that the RDI Executive Committee acted consistently within the scope of the appropriate authority delegated to it. The RDI Executive Committee, which did not meet in 2014, was reconstituted in 2015 with four directors: EC, MC, EK, and GA, with GA acting as Chair. The Executive Committee met at least four times in the relevant time period. The record demonstrates that these meetings occurred in the period between Board Meetings, and the actions taken at the Executive Committee Meetings were all reported to the full Board, and the minutes of

Executive Committee Meetings were accepted by the full Board. JCOTTER 11389-11393.

41. Steele does not opine that the Executive Committee acted beyond its charter or took actions that were improper under Nevada law or RDI's Bylaws. Instead, Steele contends that the Executive Committee was problematic, because the purpose of the Executive Committee was to minimize the involvement of JJC and the other directors who voted against his termination. Steele Rep. at 33. But WDG, who voted against terminating JJC, was asked by EC to join the Executive Committee. Gould Dep. at p. 25. WDG declined because he could not allocate the time that such a commitment might require. Gould Dep. at p. 25. That fact alone suggests to me that the purpose of the Executive Committee was not to exclude JJC, Storey, and WDG.

42. And I find no other real evidence of any effort by the Executive Committee to minimize the involvement of JJC, Storey, and WDG in the business affairs of the company. On the contrary, there is evidence that Board members not on the Executive Committee had access to the Executive Committee members. In addition, there are rational business reasons to not include a director, like Storey, on an executive committee because he lives in New Zealand, which could impede quick decision-making—one of the primary purposes of an executive committee. Finally, replacing the former CEO (JJC) with the current CEO (EC) is sensible and also

commonplace. The CEO is typically a member of a board's executive committee.

43. In sum, it is my opinion that an executive committee is an appropriate forum to make time-sensitive and/or routine decisions in between full board meetings and also for deeper, more focused examinations, analyses, and discussions of complex issues to later present to the full board for action. As such, in my opinion, WDG's, EC's, MC's, EK's, DM's, and GA's actions in voting to reactivate and populate the Executive Committee were appropriate and consistent with good governance practice and their obligations as directors.

VIII. THE BOARD'S RESPONSE TO THE UNSOLICITED EXPRESSION OF INTEREST

44. Justice Steele opines that "***[i]f*** a finder of fact finds that the Board's rejection of the Offer was not the product of an independent and disinterested majority, and [***if*** it] was born out of the desire to keep EC and MC ... in office, then the rejection out of hand intentionally breached the duty of loyalty." Steele Rep. at 34 (emphasis added). This reasoning is flawed. As an initial matter, the first IF premise is wrong. Whatever assessment led to the Board's rejection was the product of an independent and disinterested majority. The second IF presumes that the rejected Offer was a result of some desire to keep EC and MC in their jobs. I have seen no evidence to support the second IF.

a. First, I have created a timeline of the various communications, meetings, and related information and events which can be framed in a time period associated with the unsolicited offer, beginning with May 31, 2016, and ending with the final public rejection of the offer on July 18, 2016, shown here as Exhibit C.

b. Because the SAC and Steele's Expert Report contend that the RDI Board was not adequately informed about RDI's value and business strategy, management presentations of RDI's financial condition, and/or business strategy at various investor presentations, board meetings, and annual meetings of shareholders between November 15, 2015, and June 9, 2016, are also positioned on the timeline noted in (i) above.

c. Second, I have reviewed the events and communications reported above which can be summarized as follows:[3]

   i. On November 10, 2015, at the Annual Stockholders Meeting, EC and Dev Ghose made a presentation about the financial condition and business strategy of RDI.

   ii. On February 18, 2016, EC and CFO Dev Ghose made a presentation to the full Board about the financial condition and business strategy of RDI.

[3] These events are compiled from the following documents: RDI0058012; RDI0058013-58014; RDI0058015-58028; RDI0058029-58042; RDI0058043-58070; RDI0058071-58116; RDI0058172-58207; RDI0058208-58243; RDI0058244-RDI58279; RDI0058298-58299.

iii. EC as CEO of RDI received an unsolicited offer from Paul Heth on May 31, 2016, for $17 a share to purchase 100% of the common stock of the company.

iv. EC shared the offer letter with the entire RDI Board of Directors in advance of the June 2 Board Meeting.

v. On June 2, 2016, at the Annual Stockholder's Meeting, EC and Dev Ghose once again made a presentation about RDI's financial condition and business strategy, noting its core values and guiding principles inspired by founder James Cotter, Sr. proposing interactions guided by integrity (the E's)[4] and the synchronization of its cinema and real estate operations.

vi. RDI Board met on June 2 with their advisors to review the offer letter. Minutes from that meeting indicate a robust discussion of the pluses and minuses of a sale of the company at $17/share.

vii. RDI made a presentation on its business plans at the Gabelli Conference on June 9, 2016. The Gabelli presentation appears to build upon earlier strategic plans, such as those reviewed at recent annual meetings, the B. Riley Conference on May 26, 2016, and the February 18, 2016 Board Meeting, among other management presentations.

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[4] RDI0058123

viii. RDI Board met again on June 23 with their advisors and after further review and discussion, determines that the Heth offer is inadequate.

ix. RDI issued public press release on July 18.

x. On August 3, JJC filed motion to amend complaint, noting the offer in the proposed amended complaint.

xi. B. Riley issued an initial coverage investor report with a BUY rating and a target price of $26 per share.

45. After an examination of the Minutes of the June 2 and June 23 Board Meeting (including the suggested revisions of JJC), and a review of the timeline and activities, which occurred during the offer time period, and after further analysis of the various RDI plans and presentations designed to unlock the synergistic value of RDI properties, it is my opinion that the RDI decision to reject the Heth offer was reasonable and appropriate.

46. Based on my experience as a director having been in similar circumstances as those described herein, is my opinion that rejecting the offer is rational business strategy. It is perfectly reasonable to just say "no" and wait to see what, if anything, a potential suitor decides to do next, particularly if you know that the initial offer is woefully inadequate.

47. Justice Steele's "opinion" relies on his contention that the "Board did not receive the information management informed the Board that it would receive, which may have permitted the Board to adequately evaluate the offer." Steele Rep. at 32. Relying exclusively on allegations in Plaintiff's

Second Amended Complaint, he contends that "[t]he Board determined that it would meet the week following the receipt of the Offer to determine its response to the Offer, after receiving a business plan and valuation material from the Company's management. The business plan and valuation materials were never submitted to the Board." Steele Rep. at 17. But after a thorough examination of the Minutes of the June 2, 2016 Board Meeting and JJC's comments to the Minutes of the June 2, 2016 Board Meeting, I cannot find any support for Justice Steele's assertion that management informed the Board that it would provide a business plan and valuation material, specifically.

a. Instead, the Board Minutes reflect that

> Management should over the next couple of weeks, prepare ***background information*** in preparation for a Board Meeting at which the Board could make a further evaluation of the Share Purchase IOI and consider in greater detail whether it would be in the best interests of the Company and its stockholders to continue with its current business plan as an independent company or to consider a process that could include negotiations regarding the Share Purchase IOI.

RDI0058015-RDI0058028 (emphasis added). Relevant background information was provided as promised by way of EC's presentation at the June 23 Telephonic Board Meeting. In particular, EC presented an overview of the cinema and real estate assets and operations, including the worldwide adjusted cash-flow for cinema and appropriate multipliers, and the appraisal value of

the current real estate portfolio. RDI0058029-58042. These numbers, taken together, greatly exceeded the Heth offer. *Id.*

b. In any event, on numerous recent occasions, EC has presented to the Board RDI's current business strategy, including at the Stockholders Meeting held the same day as the June 2 Board Meeting. RDI58013-58014; RDI0058117-58171.

48. Justice Steele's "opinion" also rests on his suggestion that it was improper to vote on the offer without seeking the advice of independent legal or financial advisors. Steele Rep. at 32. But even JJC's comments to the June 2 Board Minutes reflect the fact that the Board resolved that "it would not be cost effective at this point in time for the Company to incur the cost and expense of retaining outside financial advisors (banker or valuation experts), and that Management should, for now, look to information readily available to Management at the Company." RDI0058244-58279. Based on my experience as a director having been in similar circumstances to those described above, I find it reasonable and consistent with good governance practice that the Directors did not undertake the cost of retaining outside financial advisors at this point in time, given the fact that the offer was not only inadequate, but also conditional.

49. Justice Steele's "opinion" also relies on his partial suggestion that members of the Board who voted to reject the Offer did so out of either a personal interest in retaining their management positions or out of deference to the wishes of the controlling shareholder. Steele Rep. at 33.

But I have seen neither any evidence indicating a desire on the part of the Board mounting a campaign to keep EC and MC in office through its rejection of the offer nor any evidence that EC or MC acted out of personal interest. To the contrary, as RDI's largest stockholders, EC and MC stood to make a substantial amount of money—far more than they would through their executive compensation. And, while my opinion that the Board relied on rational and legitimate business matters to reject the offer (as opposed to Steele's suggestion that they acted solely to keep EC and MC in management positions) does not rely on the opinion of independent investment analyst B. Riley that RDI's stock was worth $26/share, it suggests that regardless of whether B. Riley's conclusion is right or wrong, rational, independent thinkers who are not beholden to EC or MC could and would view $17/share as undervalued. September 9, 2016 Article from B. Riley, entitled "Leading Theater Circuit Poised to Unlock Meaningful Shareholder Value in Coming Years with Global Property Development Strategy; Initiating with a Buy and a $26.00 PT."[5]

50. In sum, it is my opinion that the process used by the Board in deciding to reject the offer, was appropriate and consistent with good corporate governance. The decision is the product of a majority of independent and disinterested directors. Justice Steele provides an "opinion" that fails to take into account reasonable, rational business considerations and that is based on solely on the allegations of the Second Amended Complaint,

[5] Indeed, another of JJC's own experts in this litigation contends that the "stock price of the Company was depressed." Spitz Rep. ¶ 11.

which blatantly mischaracterizes the actual facts as demonstrated by the relevant documents.

IX. CONCLUSION

Stated simply, Justice Steele's speculative and contingent "opinion" is based on incorrect assumptions given the facts in this case and the standards of good governance practice. In particular, I find that the RDI Board is independent and disinterested because directors DM, WDG, MW, EK, and Codding as individuals are independent and disinterested. Independence is not compromised by mere friendship without more, and here there is no more. As to each of the individual challenged actions, I find the members of the Board of Directors acted reasonably and consistent with appropriate governance practices at a controlled company, and that the processes employed by the Board and each of the relevant committees with respect to each challenged action were fair.

Executed on September 28, 2016

ALFRED E. OSBORNE, JR.

Exhibit A

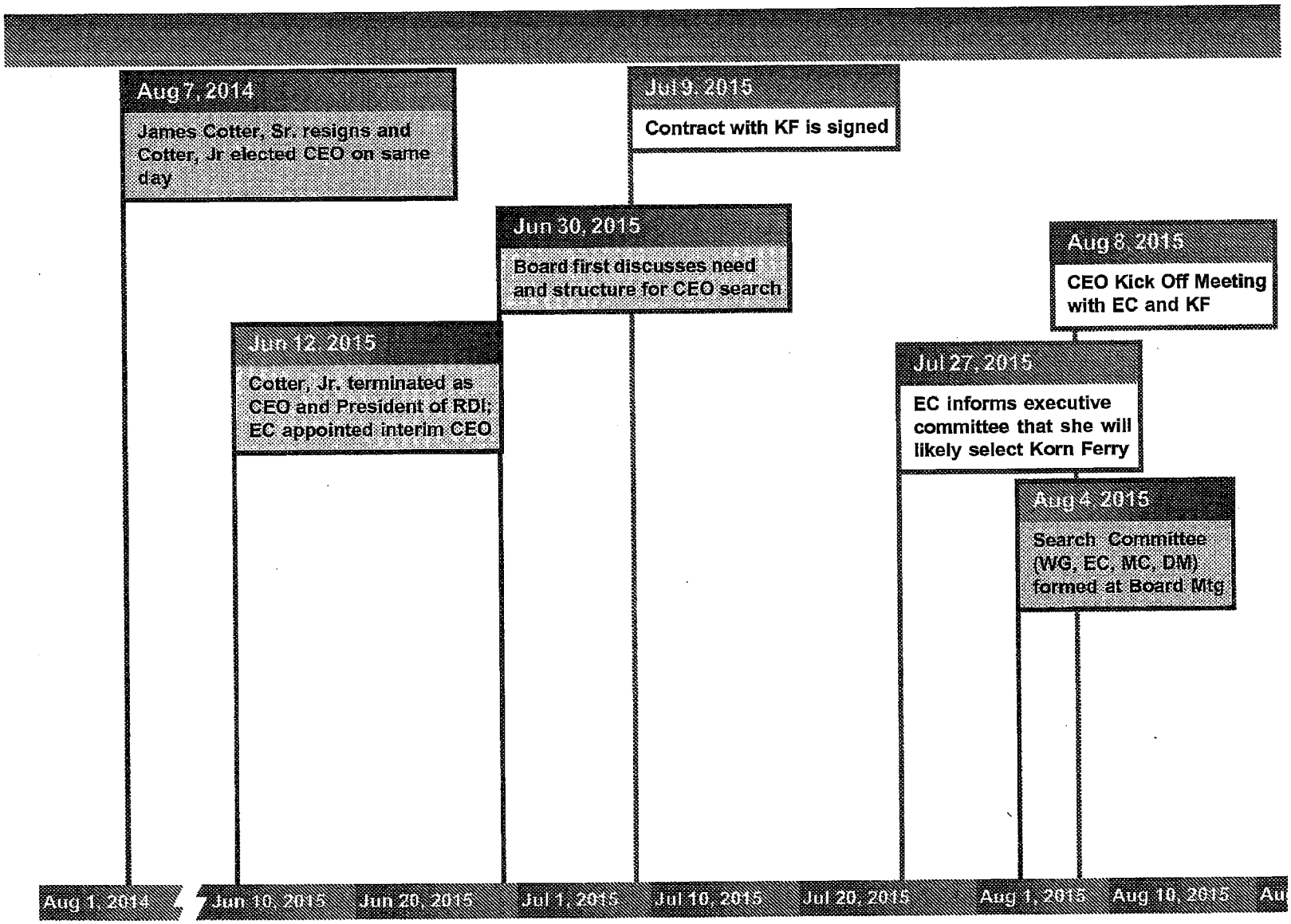
List of Additional Materials Considered By Dr. Albert E. Osborne, Jr.

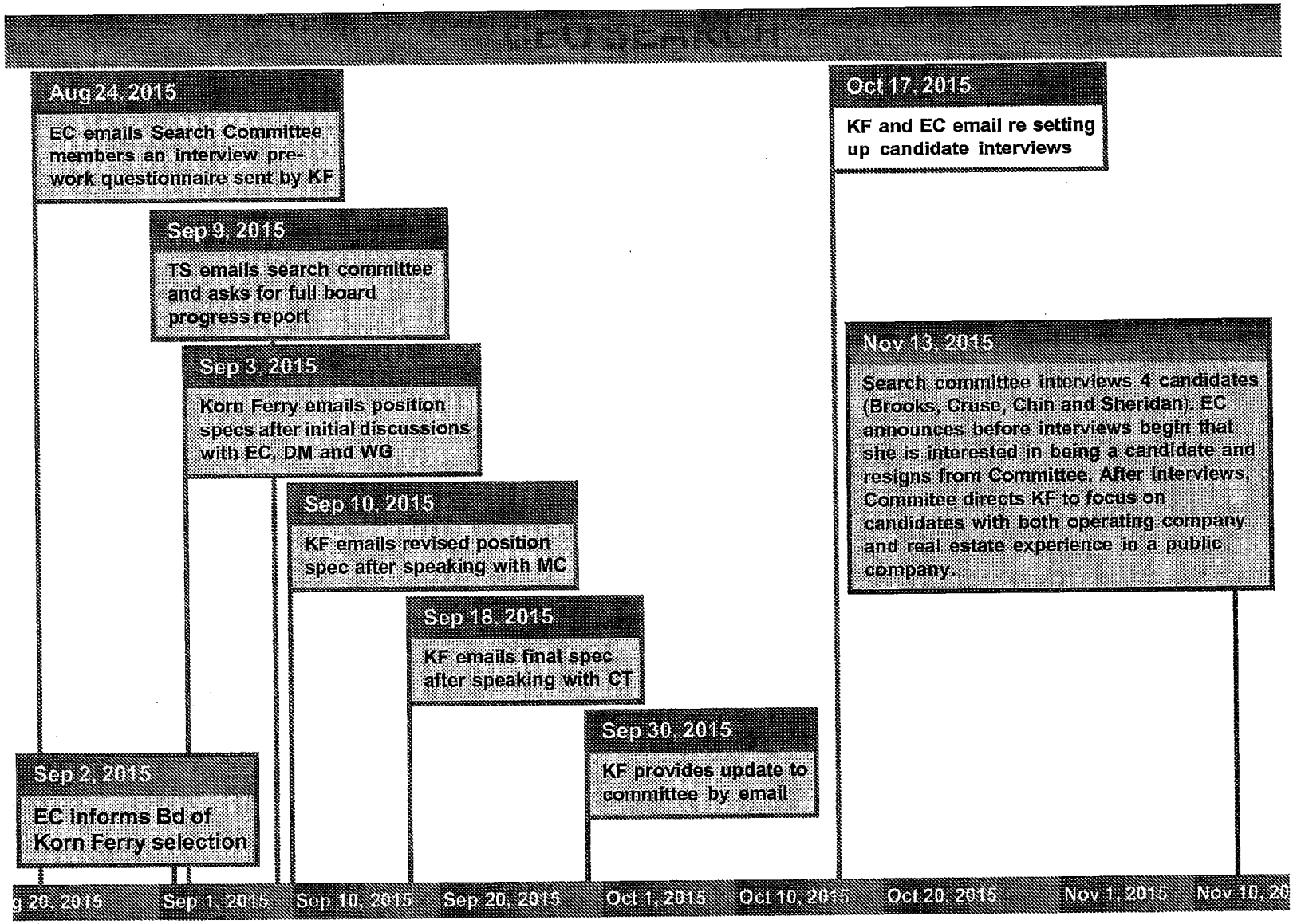
JCOTTER016893-95

September 9, 2016 Article from B. Riley entitled "Leading Theater Circuit Poised to Unlock Meaningful Shareholder Value in Coming Years with Global Property Development Strategy; Initiating with a Buy and a $26.00 PT."

RDI0058012
RDI0058013-58014
RDI0058015-58028
RDI0058029-58042
RDI0058043-58070
RDI0058071-58116
RDI0058172-58207
RDI0058208-58243
RDI0058244-RDI58279
RDI0058298-58299

Exhibit B


Aug 7, 2014
James Cotter, Sr. resigns and Cotter, Jr elected CEO on same day
Jul 9, 2015
Contract with KF is signed
Jun 30, 2015
Board first discusses need and structure for CEO search
Aug 8, 2015
CEO Kick Off Meeting with EC and KF
Jun 12, 2015
Cotter, Jr. terminated as CEO and President of RDI; EC appointed interim CEO
Jul 27, 2015
EC informs executive committee that she will likely select Korn Ferry
Aug 4, 2015
Search Committee (WG, EC, MC, DM) formed at Board Mtg
Aug 1, 2014
Jun 10, 2015
Jun 20, 2015
Jul 1, 2015
Jul 10, 2015
Jul 20, 2015
Aug 1, 2015
Aug 10, 2015


Aug 24, 2015
EC emails Search Committee members an interview pre-work questionnaire sent by KF
Sep 9, 2015
TS emails search committee and asks for full board progress report
Sep 3, 2015
Korn Ferry emails position specs after initial discussions with EC, DM and WG
Sep 10, 2015
KF emails revised position spec after speaking with MC
Sep 18, 2015
KF emails final spec after speaking with CT
Sep 30, 2015
KF provides update to committee by email
Oct 17, 2015
KF and EC email re setting up candidate interviews
Nov 13, 2015
Search committee interviews 4 candidates (Brooks, Cruse, Chin and Sheridan). EC announces before interviews begin that she is interested in being a candidate and resigns from Committee. After interviews, Commitee directs KF to focus on candidates with both operating company and real estate experience in a public company.
Sep 2, 2015
EC informs Bd of Korn Ferry selection
g 20, 2015
Sep 1, 2015
Sep 10, 2015
Sep 20, 2015
Oct 1, 2015
Oct 10, 2015
Oct 20, 2015
Nov 1, 2015
Nov 10, 20

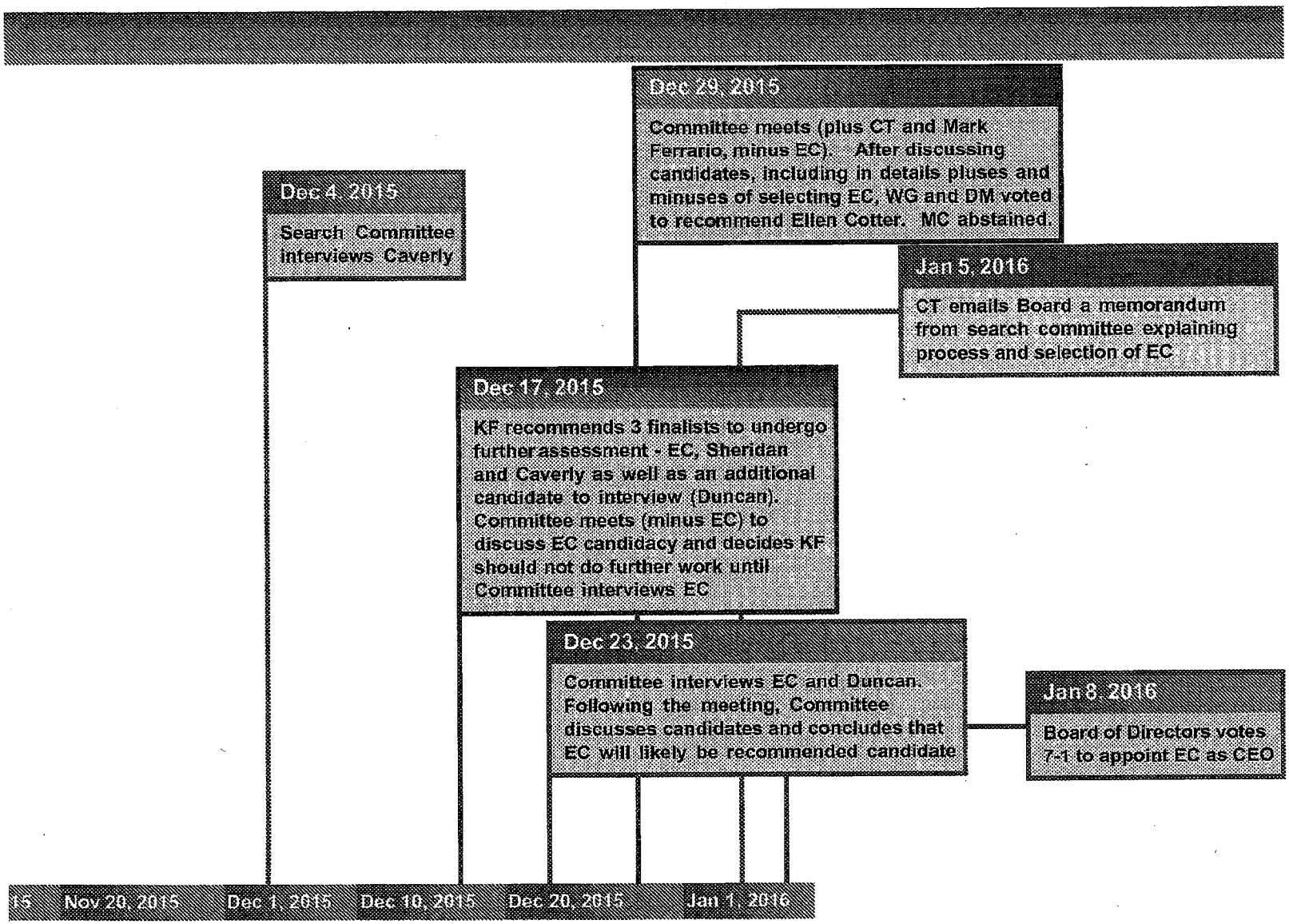
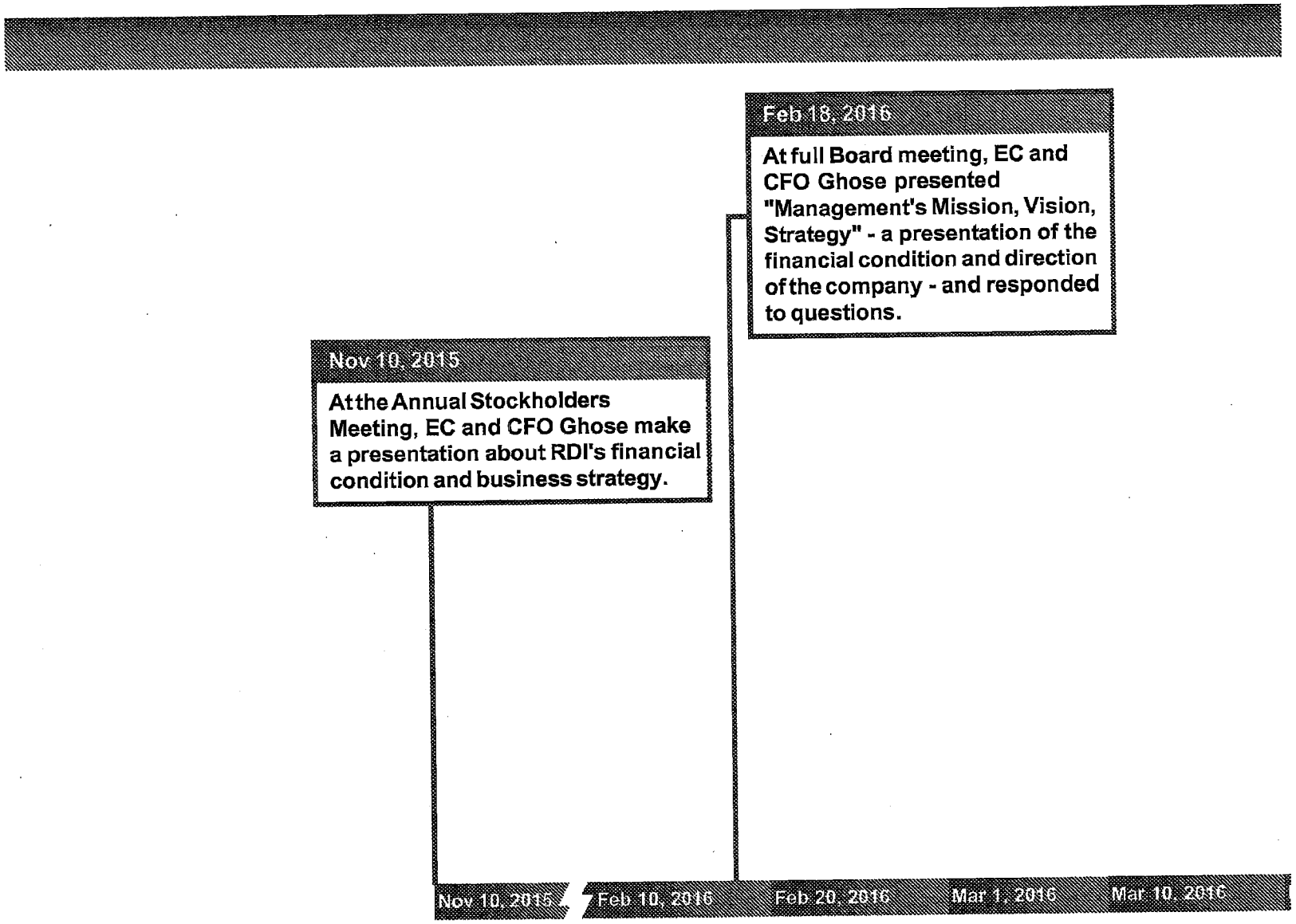
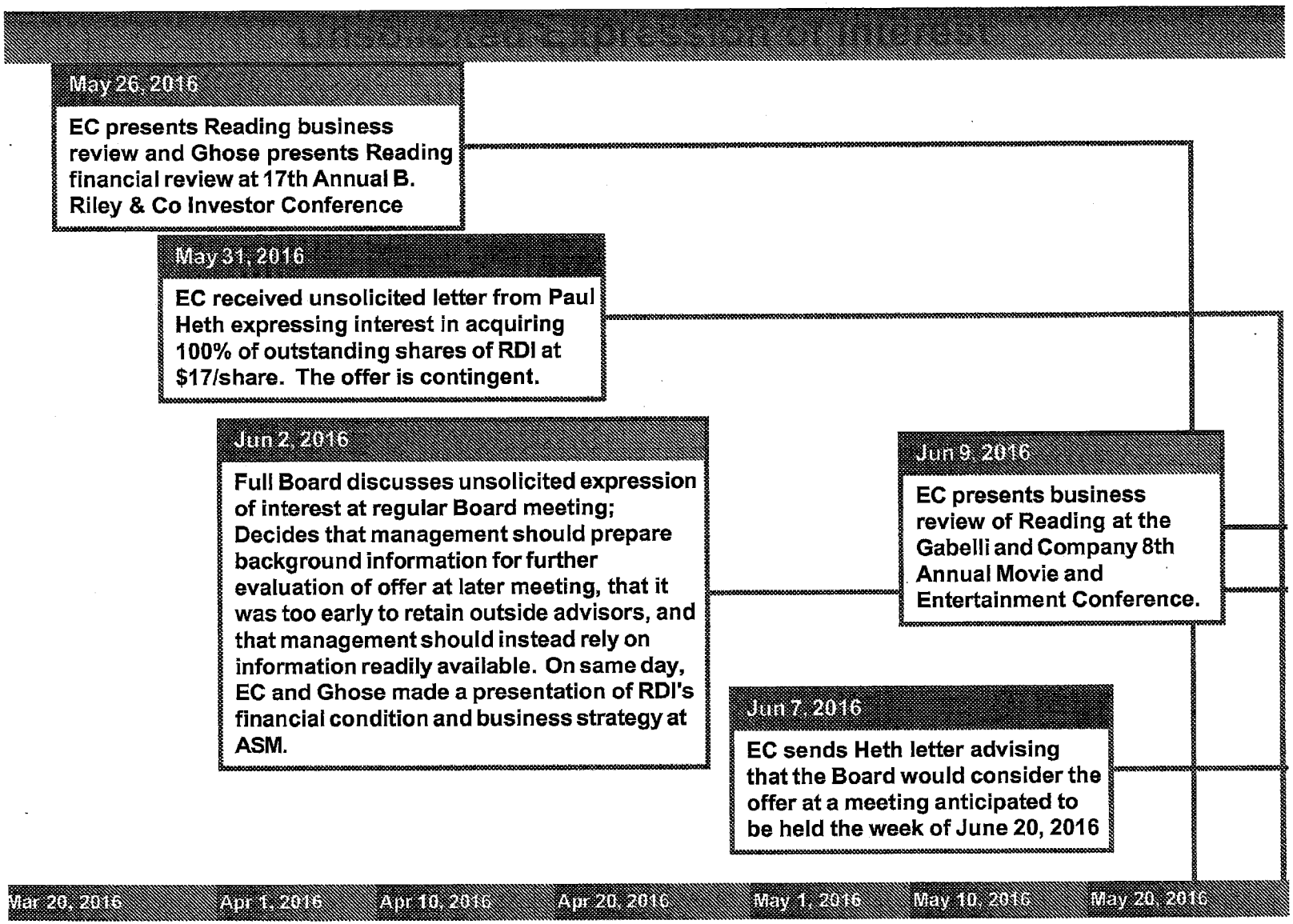

Dec 29, 2015
Committee meets (plus CT and Mark Ferrario, minus EC). After discussing candidates, including in details pluses and minuses of selecting EC, WG and DM voted to recommend Ellen Cotter. MC abstained.
Dec 4, 2015
Search Committee interviews Caverly
Jan 5, 2016
CT emails Board a memorandum from search committee explaining process and selection of EC
Dec 17, 2015
KF recommends 3 finalists to undergo further assessment - EC, Sheridan and Caverly as well as an additional candidate to interview (Duncan). Committee meets (minus EC) to discuss EC candidacy and decides KF should not do further work until Committee interviews EC
Dec 23, 2015
Committee interviews EC and Duncan. Following the meeting, Committee discusses candidates and concludes that EC will likely be recommended candidate
Jan 8, 2016
Board of Directors votes 7-1 to appoint EC as CEO
15
Nov 20, 2015
Dec 1, 2015
Dec 10, 2015
Dec 20, 2015
Jan 1, 2016

Exhibit C


Feb 18, 2016
At full Board meeting, EC and CFO Ghose presented "Management's Mission, Vision, Strategy" - a presentation of the financial condition and direction of the company - and responded to questions.
Nov 10, 2015
At the Annual Stockholders Meeting, EC and CFO Ghose make a presentation about RDI's financial condition and business strategy.
Nov 10, 2015
Feb 10, 2016
Feb 20, 2016
Mar 1, 2016
Mar 10, 2016


May 26, 2016
EC presents Reading business review and Ghose presents Reading financial review at 17th Annual B. Riley & Co Investor Conference
May 31, 2016
EC received unsolicited letter from Paul Heth expressing interest in acquiring 100% of outstanding shares of RDI at $17/share. The offer is contingent.
Jun 2, 2016
Full Board discusses unsolicited expression of interest at regular Board meeting; Decides that management should prepare background information for further evaluation of offer at later meeting, that it was too early to retain outside advisors, and that management should instead rely on information readily available. On same day, EC and Ghose made a presentation of RDI's financial condition and business strategy at ASM.
Jun 9, 2016
EC presents business review of Reading at the Gabelli and Company 8th Annual Movie and Entertainment Conference.
Jun 7, 2016
EC sends Heth letter advising that the Board would consider the offer at a meeting anticipated to be held the week of June 20, 2016
Mar 20, 2016
Apr 1, 2016
Apr 10, 2016
Apr 20, 2016
May 1, 2016
May 10, 2016
May 20, 2016

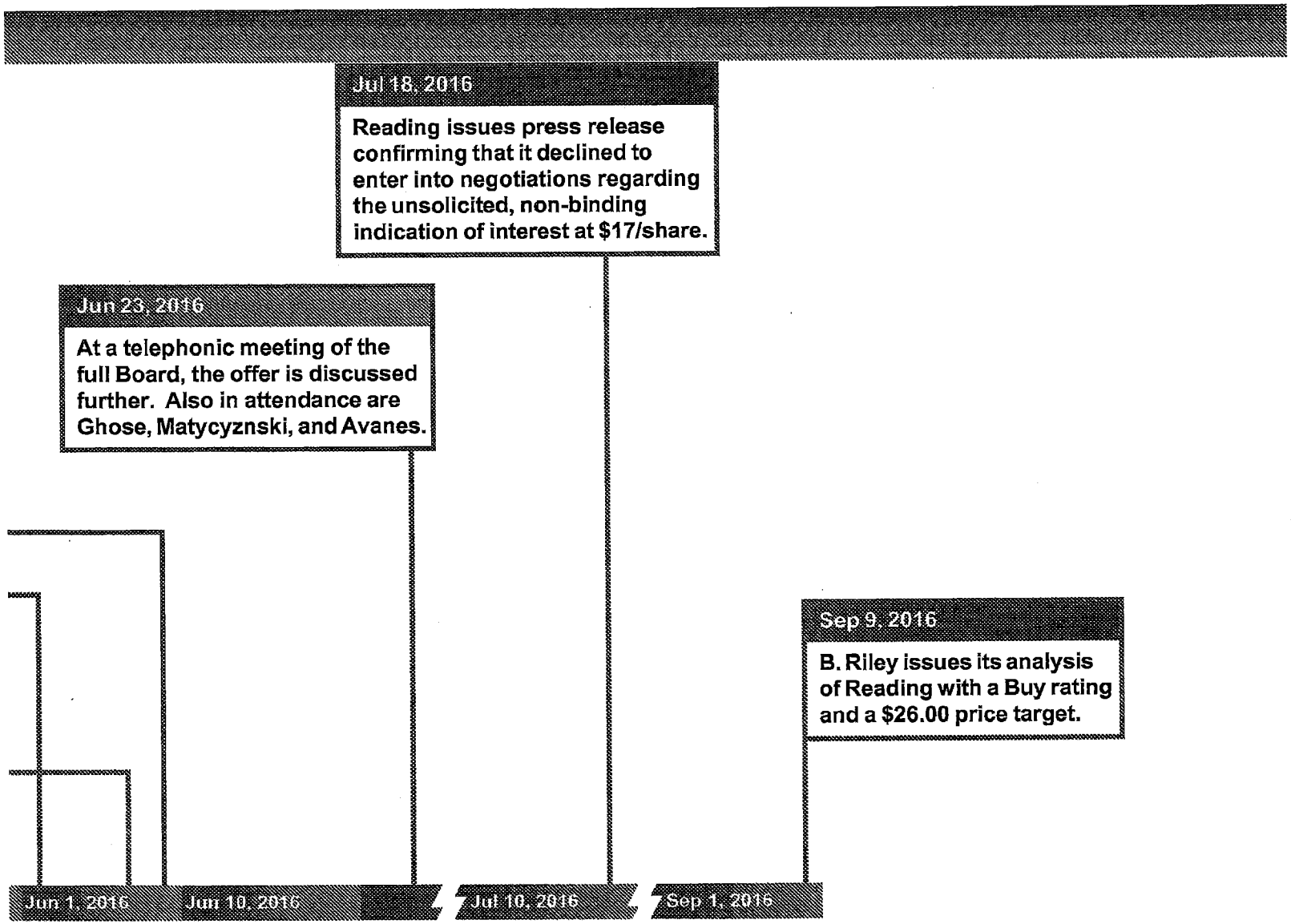

Jul 18, 2016
Reading issues press release confirming that it declined to enter into negotiations regarding the unsolicited, non-binding indication of interest at $17/share.
Jun 23, 2016
At a telephonic meeting of the full Board, the offer is discussed further. Also in attendance are Ghose, Matycyznski, and Avanes.
Sep 9, 2016
B. Riley issues its analysis of Reading with a Buy rating and a $26.00 price target.
Jun 1, 2016
Jun 10, 2016
Jul 10, 2016
Sep 1, 2016

EXHIBIT 7

Minutes of the
Board of Directors
of
Reading International, Inc.

March 10, 2016

A duly noticed meeting of the Board of Directors of Reading International, Inc. was held on March 10, 2016, in the third floor conference room of Pepperdine University, located at 6100 Center Drive, Los Angeles, California, 90045. Chair Ellen Cotter called roll and verified the followings: participating in person were Chair Ellen Cotter, Vice Chair Margaret Cotter, and Directors Guy Adams, Judy Codding, James Cotter, Jr., Edward L. Kane, Doug McEachern, and William Gould; participating by telephone conference call was Director Michael Wrotniak; participating at the invitation of the Chair and present in person were Dev Ghose, Chief Financial Officer and Treasurer, William Ellis, General Counsel, Robert Smerling, President of Domestic Cinemas, and Craig Tompkins, Recording Secretary; and participating at the invitation of the Chair by telephone conference call were Andrzej Matyczynski, Corporate Advisor, Wayne Smith, Managing Director, Australia and New Zealand, Steve Lucas, Principal Accounting Officer and Controller, and Matthew Bourke, Director of Real Estate, Australia and New Zealand; participating for the discussion of management's endeavors with respect to the leasing of the Company's Union Square property were Michael Buckley from Edifice Real Estate Partners and Jeff Roseman from Newmark Grubb Frank Knight.

Chair Cotter reminded the Board that the Board's proceedings were confidential and verified that no one was recording the meeting and that no one other than the persons responding to the roll call were on the phone. She confirmed that should anyone join the call, that their presence would be announced to the meeting.

Chair Cotter called the meeting to order at approximately 12:30 PM.

Union Square Redevelopment Project

Chair Cotter advised the Board that the first order of business was to receive a report from Margaret Cotter concerning the status of management's endeavor to lease the Company's Union Square property.

Ms. Cotter first displayed the video prepared by Newmark. Thereafter Mr. Roseman discussed marketing efforts to date, and the results of those efforts. He stated that they had received ten indications of substantial interest from credit tenants who were interested in utilizing all of the available retail space; that they were talking with some smaller users as well (Pottery Barn and William Sonoma type tenants); and that they are not looking at this time to local retailers, but rather focusing on major credit tenants.

Mr. Roseman advised the Board that it was still early days in the marketing process, and that the email blast to the market had only gone out the prior day. He further advised that retail rents were continuing to rise in applicable markets. Mr Roseman responded to various questions from the Board as to the

strength of the market and his confidence that the building would be substantially leased up by the time that major financial commitments were made by the Company. Mr Roseman noted that there were trade-offs in leasing immediately, as opposed to letting a competitive market develop, but that he was confident that the construction would not be a speculative venture from a leasing point of view. He noted that the timeline for renting the office space was likely longer than the time line for the retail, as office tenants were typically seeking more immediate occupancy than major retail tenants.

Michael Buckley stated that the project was continuing to progress on time and on budget, and volunteered to address such questions as might be presented by the Directors. There were no questions for Mr. Buckley.

Vice Chair Cotter reviewed with the directors the materials included in the Board book, and responded to questions.

At this point, Messrs. Buckley and Roseman terminated their conference call connection.

Thereafter, the Directors further discussed the project with management, and asked that management prepare for consideration at the next meeting a presentation of developer's anticipated profits and a buy/sell analysis (i.e. was it better to sell now or to redevelop the property and take the risks of redevelopment).

Report on Status of Annual Report on Form 10K

Following this discussion, Chair Cotter advised the Board that the next order of business was an update on the status of the Company's Annual Report on Form 10K and the report of the Audit and Conflicts Committee.

Dev Ghose, the Company's Chief Financial Officer and Treasurer, updated the Board on the status of the Company's Annual Report on Form 10K.

Mr. Ghose reported that there was still work to do on the audit. He advised the Board that, in response to the determination with respect to the 2014 Audit that there was a material weakness in internal controls related to the accounting for income taxes with respect to Australia and New Zealand, the Company had retained Deloitte to review and revise as to these tax accounting matters. In the course of this work other tax accounting issues had been identified.

To date, Deloitte had identified seven issues, six of which had been resolved. At this point in time, these adjustments appear to cancel out, so as to have no material impact on after tax earnings. However, the work was ongoing, and there still remained one unresolved item. Mr. Ghose stated that the issues all related to non-cash accounting items, not to the tax returns, and did not impact items above the net income after taxes level.

Audit and Conflicts Committee Chair Douglas McEachern next presented the Audit and Conflicts Committee (the "Committee") Preliminary Report. Committee Chair McEachern reiterated the

information presented by Mr. Ghose. He advised that the Committee had reviewed the Draft Annual Report on Form 10K with Management, and had met and heard the preliminary report of the Company's auditors, Grant Thornton. He stated that the Committee was prepared to sign off on the draft Annual Report on Form 10K, subject to the completion of the audit by Grant Thornton, and that the Committee had delegated to him authority to review any proposed changes to the Draft Annual Report on Form 10K, and to approve any changes which, in his judgment were not material. Any material changes would need to be brought back to the full Committee.

Director James Cotter, Jr., complained that he had only received a draft of the Annual Report on Form 10K on Tuesday evening (March 8, 2016) and, accordingly, had not had time to review the same. Chair Cotter noted that the filing deadline for the Annual Report on Form 10K was March 15, and requested that Mr. Cotter, Jr. provide any comments that he might have directly to Committee Chair McEachern in writing. Director James Cotter, Jr., also complained that he had not been permitted to participate in the Committee meeting. Chair McEachern responded that he had been advised by outside counsel [redacted] Ellen Cotter had participated in the meeting but both in her capacity as Chair of the Board and as the Company's President and Chief Executive Officer. Committee Chair McEachern noted also that the responsibility for the audit and for dealing with and interfacing with the auditors had been delegated to the Committee and that he had confidence in the ability of the Committee to discharge its duties and responsibilities. He further noted, that the open issues were accounting driven, rather than tax driven.

A motion was made and seconded to accept the report of the Committee and to delegate to management responsibility for the finalization of the Annual Report on Form 10K, subject to obtaining the approval of Committee Chair McEachern of any immaterial changes from the form previously distributed and subject to a review and approval of the Committee of any material changes. Mr. Tompkins noted that the Form 10K did not require execution by all of the directors, and that only execution by a majority of the Board was required. So, as a matter of mechanics, the Form 10K could be filed so long as it was approved by the Committee, the Chair and the Vice Chair.

The motion passed 8 in favor and one (James Cotter, Jr.) abstaining.

Chair Cotter thanked the Committee for its work, and the Directors for reviewing the 10K on relatively short notice. She urged any director having comments to forward them to Committee Chair McEachern as soon as possible.

Earnings Release

Chair Cotter stated that the next order of business was a review of the earnings release. She apologized for the fact that it had only been circulated the previous evening, and asked that Directors give Mr. Ghose any comments they might have as soon as possible. She advised that after collecting comments, Mr. Ghose would work with Committee Chair McEachern to finalize the release.

[redacted]

Debt Obligations Review

Chair Cotter advised that the next order of business was the review of the Company's debt situation and turned the floor over to Mr. Ghose.

Mr. Ghose reviewed the materials in the board package, and responded to questions.

Domestic Cinemas Report

Chair Cotter advised that the next order of business was the review of the Company's Domestic Cinema Operations and turned the floor over to Mr. Smerling. Mr. Smerling referred directors to the materials in the Board Book regarding the results of operations for the Company's domestic cinemas and discussed the anti-trust implications of the potential AMC/Carmike merger and the state of clearance issues. He advised that, while no assurance could be given, it appeared that the old clearance system was breaking down, which would provide both opportunities and challenges for the Company. At Mr. Smerling's request, Mr. Tompkins gave a brief update of the pending anti-trust litigation brought be iPic and Landmark against AMC and Regal. Messrs. Smerling and Tompkins responded to questions for the Board.

Australia and New Zealand Cinema Operations

Chair Cotter advised that the next order of business was the review of the Company's Australia and New Zealand Cinema operations and turned the floor over to Mr. Smith. Mr. Smith referred the Board to the Board Book regarding the results of operation. At the invitation of Chair Cotter, Mr. Smith discussed his value pricing initiatives in Australia and New Zealand, and the results being achieved, and responded to questions.

Live Theater Operations

Chair Cotter advised that the next order of business was the review of the Company's live theater operations and turned the floor over to Vice Chair Margaret Cotter. Vice Chair Cotter referred the Board to the Board Book regarding the results of operation, and invited questions from the Board. There were no questions.

Australia and New Zealand Real Estate Operations

Chair Cotter advised that the next order of business was the review of the Company's real estate operations in Australia and New Zealand and turned the floor over to the Company's Head of Real Estate for Australia and New Zealand, Matthew Bourke. Mr. Bourke reviewed with the Board the materials in the Board book and invited questions from the Board. There were no questions.

Potential Purchase of 5995 Sepulveda Boulevard Office Building

Chair Cotter advised that the next order of business was the consideration of a possible purchase of the office building located at 5995 Sepulveda Boulevard to house the Company's corporate headquarters.

Mr. Matyczynski reviewed the materials included in the Board Book with the Directors, concluding that it was management's recommendation that the Board approve the purchase of the property and authorize management to proceed with the transaction.

There followed a discussion among the directors during which a variety of points were considered by the Directors, including the following:

- The projected impact on the Company's headquarters occupancy costs, and the benefits of being an owner/occupier as opposed to a tenant,
- The comparative benefits of the alternative allocation of the capital need to purchase the building to acquire other operating assets,
- The potential long term value of the property as an investment asset,
- The potential domestic demands for cash in the near to medium term,
- The limited amount of cash available in the US, and the issues involved in bringing cash into the United States from Australia and/or New Zealand, and
- Possible rental or purchase alternatives.

Following discussion, in which management responded to a variety of Director questions a motion was made by Director Adams and seconded by Director McEachern that management be authorized and directed to acquire the Sepulveda Property on terms substantially similar to those presented to the meeting, and to take all such actions necessary or convenient to carry out the intentions of these resolutions.

The motion passed 7 to 2, with Directors Wrotniak and Cotter, Jr. voting no.

Legal Update

Chair Cotter advised the Board that the next order of business was the litigation update, and turned the meeting over to Mr. Tompkins. Mr. Tompkins referred the committee to the materials in the Board Book and made himself available to respond to questions. There were no questions.

Stockholder Annual Meeting

Chair Cotter advised the Board that the next order of business was to fix the stockholder proposal date, the record date and the meeting date for the 2016 Annual Meeting of Stockholders, to select an inspector of elections and to appoint secretaries for the meeting. Chair Cotter advised that it was her anticipation that all of the current directors would be renominated.

On motion made and seconded, the following dates and appointments were approved.

- Stockholder Proposal Deadline: April 8, 2016

- Broker Search Date: March 25, 2016
- Record Date: April 22, 2016
- Stockholder Meeting: June 2, 2016
- Inspector of Elections: First Coast Results, Inc.
- Meeting Secretary: Craig Tompkins
- Meeting Assistant Secretary: Susan Villeda

Following discussion, during which Mr. Cotter Jr. stated his view that Mr. Tompkins should not be secretary due to the fact that he had been named as a defendant in the T2 litigation, the above motion was passed unanimously, but with Mr. Cotter Jr. voting no on the appointment of Mr. Tompkins as Meeting Secretary, abstained as to the fixing of the annual meeting date.

Executive Session

At this time the Chair excused all of the members of management other than Mr. Tompkins, Recording Secretary, advising that the remainder of the meeting would be held in executive session.

Review and Approval of Minutes

Chair Cotter advised the Board that the next order of business was the review and approval of the minutes for the Board meeting held on February 18, 2016:

In the discussion that followed, Mr. Cotter Jr. objected to the preparation of minutes by Mr. Tompkins on the basis that Mr. Tompkins had been named as a defendant in the T2 litigation. No motion was made on this topic. Several directors questioned the propriety of allowing directors to include, in essence, dissenting views in the Company's Minute Books. Following discussion, on motion made and seconded, the Directors approved the minutes in the form submitted to the Board and the inclusion in the Minute Book of Director Cotter's comments, by a vote of 8 to 1, with Mr. Cotter, Jr. voting no.

Review and Approval of Compensation and Stock Option Committee Charter

Chair Cotter advised the Board was the review of a proposed Compensation and Stock Option Committee Charter. She noted that the Company did not currently have a formal charter, and that the proposed charter included in the Board materials [redacted] was being recommended for adoption by the Compensation and Stock Option Committee. Chair Cotter advised that, in the view of management, the proposed charter was consistent with current best practices.

Following discussion it was determined that with respect to the compensation to be paid to Elise Cotter, Margaret Cotter and/or James Cotter, Jr., the Compensation and Stock Option Committee should make its recommendation to the Board, but that the approval of such compensation should be determined ultimately by the Board and not by the Compensation and Stock Option Committee. Management was directed to amend the proposed charter to reflect this change. Subject to the making of this change, on

motion made and seconded, the proposed Compensation and Stock Option Committee Charter was approved by an 8 to 1 vote, with Mr. Cotter, Jr. abstaining.

Amended and Restated Audit and Conflicts Committee Charter

Chair Cotter advised the Board that the next item of business was the review of a possible amended and restated Audit and Conflicts Committee Charter. Chair Cotter advised that the draft was a work in process, as it had not yet been reviewed by Dev Ghose or Grant Thornton. Management had taken input from Frank Reddick of Akin Gump and Mike Bonner of Greenberg Traurig and believed that it was in conformity with best practices. It was anticipated that a final draft would be presented to the Board at its next Board meeting. Committee Chair McEachern explained that the proposed charter was substantially longer than the current charter but this was due, in part, to the inclusion within the Audit and Conflicts Committee of responsibility for tax oversight, cyber security, risk assessment, and the inclusion in the charter of the Audit and Conflicts Committee's responsibility for oversight of the Company's management of Shadow View Land & Farming, LLC.

Mr. Cotter Jr., raised again the issue of director attendance at meetings of the Audit and Conflicts Committee, expressing his view that such meetings should be open to all directors. Committee Chair McEachern said that while he would look into the matter further, he believed that best practices was for the Audit and Conflicts Committee to have control over attendance at its meetings, and that based on his discussions with counsel, this was completely consistent with applicable Nevada Law.

Review and Acceptance of Committee Meeting Minutes

Chair Cotter advised the Board that the next order of business was the review and acceptance of the following committee minutes:

(a) Compensation Committee Meeting: January 25, 2016
(b) Compensation Committee Meeting: January 28, 2016
(c) Compensation Committee Meeting: February 5, 2016
(d) Compensation Committee Meeting: February 17, 2016
(e) Compensation Committee Meeting: February 29, 2016
(f) Audit and Conflicts Committee Meeting: February 29, 2016
(g) Executive Committee Meeting: February 26, 2016

During discussion, Mr. Cotter, Jr. asked that he be permitted to ask questions about and to give comments on the committee minutes.

The sense of the Board was that committee minutes were the responsibility of the applicable committee, that they were basically provided for the information of the Board and that "acceptance" was simply the procedure to allow the minutes to be included in the minute books of the Company. If a director had a question about the minutes, that director was certainly free to discuss the matter with the applicable committee chair, and if such director did not get a satisfactory answer, was likewise free to ask the Chair to place the matter on the agenda for a subsequent Board meeting.

On motion duly made and seconded, the above referenced minutes were accepted for inclusion in the minute books of the Company by an 8 to 1 vote, Director Cotter, Jr. abstaining.

Compensation and Stock Option Committee Report

Chair Cotter advised the Board that the next order of business was the review of the report of the Compensation and Stock Option Committee. At this point, Mr. Tompkins left the meeting, Mr. Bonner being appointed to serve as recording secretary for this portion of the meeting.

At 4:04 pm Mr. Tompkins was excused, and Mr. Bonner was asked to take the minutes until Mr. Tompkins returned.

a. Executive Compensation and Appointments

James Cotter, Jr. expressed his objections to not having been provided with more detail supporting proposed 2016 executive compensation along with the individual goals and benchmarks to be used for each executive's short-term incentive bonus opportunity.

Ellen Cotter responded that each director had been provided in advance of the meeting with the schedule showing each senior executive officer's proposed 2016 compensation package and that she was happy to respond to any questions any director had on the recommendations. Ellen Cotter had presented detailed schedules and proposed individual goals and benchmarks to be used for the senior level executives to the Company's Compensation and Stock Options Committee (the "Compensation Committee") which had thoroughly reviewed and vetted such recommendations. Ms. Cotter reminded the Board that the intent is to utilize the Compensation Committee to review and give input on the specific compensation components for the senior executive officers. The Compensation Committee gave its unanimous approval to the executive compensation recommendations.

Mr. Cotter, Jr. repeated his objection on not having had the opportunity to review the detailed back up information or the detailed individual goals and benchmarks for short term incentive bonuses that had been used by the Chief Executive Officer and the Compensation Committee. Ms. Cotter acknowledged the objection and asked if Mr. Cotter had any specific questions or concerns.

Questions were asked about the Dev Ghose compensation recommendations. Ms. Cotter noted that unlike the other senior management members, Mr. Ghose's compensation was set in his April 10, 2015 employment contract. Mr. Ghose's contract had been entered into when James Cotter, Jr. was the Chief Executive Officer and the terms had been negotiated and approved by Mr. Cotter. James Cotter, Jr. pointed out that Mr. Ghose's contract had been negotiated under the supervision of Mr. Gould, the Lead Independent Director.

Ms. Cotter asked if there were any other comments or questions. Mr. Cotter, Jr. stated that he objected to the employment and appointment of Craig Tompkins as General Counsel. Mr. Cotter, Jr. stated that he had seen a memo written by his father, James Cotter, Sr., in 2007 that made several negative statements

about Mr. Tompkins, including a statement by James Cotter, Sr. that Mr. Tompkins should not serve in a position of trust for the Company or in a position under which he could bind the Company.

Ellen Cotter questioned Mr. Cotter about his assertions and stated that she (Ellen Cotter) had never heard of this before. Margaret Cotter also expressed surprise and agreed with Ellen Cotter. Other directors were not aware of these allegations and observed that James Cotter Jr. was referring to matters that were nine years old (2007). Further, it was noted that Mr. Tompkins had continued to provide extensive consulting and legal services to the Company after 2007, including services authorized by and which involved reporting directly to James Cotter, Sr.

James Cotter, Jr. stated that he had this information in his possession. He once again expressed his objections.

After further discussions, the Board decided that James Cotter, Jr.'s allegations were of such a nature that justified a prompt investigation. The Board instructed that this investigation be commenced immediately and that Mr. Cotter, Jr., as the person making the allegations, would be expected to cooperate and provide whatever materials he claims to have. The Board's intention was that Mr. Tompkins's employment would be considered following such inquiry.

After further discussion, and upon motion duly made and seconded, the following resolution was adopted (on a vote of eight votes in favor and James Cotter, Jr. abstaining):

> It is Hereby Resolved that the schedule of proposed 2016 executive compensation as set forth on Exhibit A to these minutes, excluding Ellen Cotter, Margaret Cotter and Craig Tompkins, as unanimously recommended by the Compensation Committee, be approved.

The Board also discussed the appointment of certain executives to certain offices. Ms. Cotter discussed with the Board the various appointments and the reasons therefor. Ellen Cotter recommended the new titles be given as below:

> Dev Ghose – Executive Vice President, Chief Financial Officer & Treasurer
> Andrzej Matyczynski – Executive Vice President – Global Operations
> Matthew Bourke - Managing Director – Real Estate – Australia & New Zealand
> Gilbert Avanes – Vice President – Finance, Planning & Analysis
> Mark Douglas – Director of Property Development – Australia and New Zealand
> Terri Moore – Vice President – Cinema Operations (US)
> Doug Hawkins – Vice President – Construction and Facilities Management (US)
> Ken Lee – Vice President – Food & Beverage (US)

After further discussion, and upon motion duly made and seconded, the following resolution was adopted (on a vote of eight votes in favor and James Cotter, Jr. abstaining).

> It is hereby Resolved that the above executives be appointed to the offices listed above, as unanimously recommended by the Compensation Committee, be approved.

Next, Margaret Cotter was asked to leave. Ellen Cotter gave a summary of her assessment of the reasons for Margaret Cotter's new position as Executive Vice President, as well as a summary of the factors she had used in recommending the compensation package for her. Directors asked questions. Ellen Cotter was then excused.

William Gould, as Lead Independent Director, asked if there were any further questions about the proposed compensation for 2016 for Ellen Cotter or Margaret Cotter or the title designation for Margaret Cotter. There was none. Upon motion duly made and seconded, the following resolution was adopted (Ellen Cotter and Margaret Cotter not participating; James Cotter, Jr. abstaining):

> It is Hereby Resolved that the schedule of proposed 2016 executive compensation for Ellen Cotter and Margaret Cotter and the title of Executive Vice President – Real Estate Management and NYC Development be given to Margaret Cotter, as set forth on Exhibit A to these minutes, as unanimously recommended by the Compensation Committee, be approved.

Ellen Cotter and Margaret Cotter returned to the meeting.

b. Directors Compensation

The next item of business was to consider the 2016 compensation to be paid to outside directors, as recommended by the Compensation Committee. The Board briefly discussed the materials provided to it; was advised that the proposal was based upon the recommendations of Willis Towers Watson and such proposal represented an effort to bring the Company's outside director compensation practices in line with best practices with a view to peer and competitor outside director compensation. The Compensation Committee had approved (subject to personal abstentions for each director's own compensation) the recommendation for outside director compensation. James Cotter, Jr. expressed his objection to the process of changing outside director compensation.

After further discussion, upon motion duly made and seconded, the following resolution was approved (each director abstaining as to his or her own compensation, and James Cotter, Jr. voting against):

> It is Hereby Resolved that compensation for outside directors of the Company starting with calendar year 2016 shall be as follows:
>
> (i) maintaining the annual board retainer at $50,000;
> (ii) increasing the annual lead director fee to $10,000;
> (iii) increasing the annual Audit and Conflicts Committee Chair and Executive Committee Chair fee to $20,000;
> (iv) increasing the annual Compensation Committee Chair fee to $15,000;
> (v) increasing the annual committee member fees to $7,500 for the Executive and Audit and Conflicts Committee and $5,000 for the Compensation Committee; and

(vi) establishing annual grants of $60,000 of restricted stock units to board members (vesting 12 months following the award of the restricted stock units) based on the closing stock price on NASDAQ on today's date, subject to the approval of the recommended amendment to the 2010 Stock Incentive Plan.

Next, the Board considered possible additional compensation for extraordinary services rendered by certain directors. Ellen Cotter made a presentation to the Board with respect to her recommendation for special one-time compensation to be paid to these directors.

Ms. Cotter first expressed a request that the Board consider extraordinary compensation to Director Guy Adams. Mr. Adams was excused. Ms. Cotter summarized the extraordinary services and time devoted by Mr. Adams above and beyond the usual role of a director in the past year. Ms. Cotter noted that Mr. Adams had provide the following extraordinary services: assisting Ms. Cotter in a variety of support services as the Company underwent the stresses and controversies of the last year; assisting Ms. Cotter in an advisory capacity in her transition of roles into interim CEO and permanent CEO; advice on investor relations; personal travel to New York to assist in the evaluation of the Union Square project; assistance with evaluation of certain potential transactions; significant commitment of time in evaluating potential new executive compensation practices before the same was considered by the Compensation Committee; and extraordinary services on the Executive Committee.

James Cotter, Jr. expressed his opposition to consideration of extra board compensation.

After further discussion, upon motion duly made and seconded, the following resolution was adopted (Guy Adams not participating, and James Cotter, Jr. voting against):

It Is Hereby Resolved that Guy Adams be compensated $50,000 in recognition of extraordinary services to the Board of Directors.

Mr. Adams returned to the meeting, and Mr. Kane was excused. Ms. Cotter provided a summary of the extraordinary services provided by Ed Kane, particularly in the area of overseeing the complete overhaul of executive compensation which had required additional time and work outside of his regular duties for the Compensation Committee. After further discussion, upon motion duly made and seconded, the following resolution was adopted (Ed Kane not participating, and James Cotter, Jr. abstaining):

It Is Hereby Resolved that Ed Kane be compensated $10,000 in recognition of extraordinary services to the Board of Directors.

Mr. Kane returned to the meeting, and Mr. McEachern was excused. Ms. Cotter provided a summary of the extraordinary services provided by Douglas McEachern, particularly in the area of additional time beyond the typical requirements of the Audit and Conflicts Committee in tax and related matters. After further discussion, upon motion duly made and seconded, the following resolution was adopted (Douglas McEachern not participating, and James Cotter, Jr. abstaining):

It is Hereby Resolved that Douglas McEachern be compensated $10,000 in recognition of extraordinary services to the Board of Directors.

Amendment to the 2010 Stock Incentive Plan

Next, the Board considered an amendment to the 2010 Reading International, Inc. Stock Incentive Plan (the "Plan"). The Board had been briefed that the principal reason for the amendment is to allow the grant of restricted stock units under the Plan, in accordance with recommendations of Willis Towers Watson.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

It is Hereby Resolved that the amendment to 2010 Reading International, Inc. Stock Incentive Plan in the form of Exhibit B to these minutes is approved.

Mr. Tompkins returned and resumed as Recording Secretary.

Conclusion of Meeting

The meeting was adjourned at approximately 6:00 PM, Pacific Standard Time.

S. Craig Tompkins, Recording Secretary

CONFIDENTIAL [redacted]

Exhibit A

[redacted]

READING INTERNATIONAL, INC.

FIRST AMENDEMNT TO THE

2010 STOCK INCENTIVE PLAN

This First Amendment (the "Amendment") to the Reading International, Inc. 2010 Stock Incentive Plan (the "Plan"), is made and shall be effective as of this [_____] day of [____], 2016 (the "Effective Date").

RECITALS

WHEREAS, the stockholders of Reading International, Inc. (the "Company") approved the Plan on May 13, 2010 at the annual meeting of stockholders in accordance with the recommendation of the board of directors; and

WHEREAS, the Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, directors, and consultants;

WHEREAS, the Company believes that it would be be in the best interests of the Company and its stockholders to permit awards of restricted stock units;

WHEREAS, NASDAQ rules do not require stockholders to approve an amendment to an equity incentive plan if the amendment relates to adding restricted stock units as long as the Plan provides for the award of restricted stock;

WHEREAS, the Plan provides for the award of restricted stock;

NOW, THEREFORE, in accordance with Section 12 of the Plan, the Plan is amended as follows as of the Effective Date:

AMENDMENTS

1. Section 2(y) the definition of "Rule 16b-3" is hereby renumbered as Section 2(z).
2. Section 2(z) the definition of "Securities Act" is hereby renumbered as Section 2(aa).
3. Section 2(aa) the definition of "Stock Award" is hereby renumbered as Section 2(bb).
4. Section 2(bb) the definition of "Service" is hereby renumbered as Section 2(cc).
5. Section 2(cc) the definition of "Stock Award Agreement" is hereby renumbered as Section 2(dd).
6. Section 2(dd) the definition of "Ten Percent Stockholder" is hereby renumbered as Section 2(ee).
7. Section 2(y) the definition of "Restricted Stock Units" is hereby added.

Vote Required

The approval of this proposal requires the number of votes cast in favor of this proposal to exceed the number of votes cast in opposition to this proposal.

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 2010 Stock Incentive Plan Amendment discussed under Proposal 4 (the Plan Amendment Proposal).

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE 2010 STOCK INCENTIVE PLAN AMENDMENT.

REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee of our Board with respect to our audited financial statements for the fiscal year ended December 31, 2016.

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 our Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2016 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that our 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 our independent registered public accounting firm.

In giving its recommendation to our Board, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of our independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chair
Edward L. Kane
Michael Wrotniak

BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on August 31, 2017 by:

- each of our Directors;
- each of our executive officers and current 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 Directors and executive officers as a group.

Except as noted, and except pursuant to applicable community property laws, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown. An asterisk (*) denotes beneficial ownership of less than 1%.

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	**Number of Shares**	**Percentage of Stock**	**Number of Shares**	**Percentage of Stock**
Directors and Named Executive Officers				
Ellen M. Cotter (2)(13)	3,165,044	14.8	1,173,888	69.8
James J. Cotter, Jr. (3) (13)	2,698,394	12.6	696,080	41.4
Margaret Cotter (4)(13)	3,423,855	16.0	1,158,988	69.0
Guy W. Adams (5)	7,021	*	–	–
Judy Codding (6)	7,021	*	–	–
Devasis Ghose (7)	50,000	–	–	–
William D. Gould (8)	58,340	*	–	–
Edward L. Kane (9)	25,521	*	100	*
Andrzej J. Matyczynski (10)	55,493	*	–	–
Douglas J. McEachern (11)	44,321	*	–	–
Robert F. Smerling (12)	15,140	*	–	–
Michael Wrotniak	12,021	–	–	–
5% or Greater Stockholders				
James J. Cotter Living Trust (13)	1,897,649	8.8	696,080	41.4
Estate of James J. Cotter, Sr. (Deceased) (13)	326,800	1.5	427,808	25.5
Mark Cuban (14) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,913	12.4
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (15) 875 Prospect Street, Suite 301 La Jolla, California 92037	–	–	117,500	7.0
James J. Cotter Foundation	102,751	*		
Cotter 2005 Grandchildren's Trust	289,390	1.3		
All Directors and executive officers as a group (12 persons) (16)	4,686,791	21.9	1,209,088	71.9

(1) Percentage ownership is determined based on 21,377,070 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on August 31, 2017. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are currently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 34,941 shares subject to stock options as well as 802,903 shares held directly. The Class A Stock shown also includes 102,751 shares held by the Cotter Foundation. Ellen M. Cotter is a 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 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 Cotter Trust. See footnote (13) to this table for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown is made up of 423,604 shares held directly. The Class A Stock shown also includes 274,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Cotter Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnote (13) below for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). The Class A Stock shown includes 770,186 shares pledged as security for a margin loan. Mr. Cotter, Jr. asserts that options to purchase 50,000 shares granted in connection with his prior employment as CEO remain in effect; we do not believe that this is accurate and treat such options as forfeited.

(4) The Class A Stock shown includes 11,981 shares subject to stock options as well as 810,284 shares held directly. The Class A Stock shown also includes 102,751 shares held by the Cotter Foundation, 274,390 shares held by the Cotter 2005 Grandchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Cotter Trust. See footnote (13) for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

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

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

(7) The Class A Stock shown includes 42,500 shares subject to stock options.

(8) The Class A Stock shown includes 9,000 shares subject to stock options.

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

(10) The Class A Stock shown includes of 28,736 shares subject to stock options.

(11) The Class A Stock shown includes of 9,000 shares subject to stock options.

(12) The Class A Stock shown includes of 4,981 shares subject to stock options.

(13) On June 5, 2013, the Declaration of Trust establishing the Cotter Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James 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 Cotter Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James 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 Cotter 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 "Trust Litigation"). 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. filed an opposition to the Petition. On August 29, 2017, the Superior Court of the State of California for the County of Los Angeles entered a Tentative Statement of

Decision (the "Tentative Ruling") in the matter regarding the Trust Litigation in which it tentatively determined, among other things, that Mr. Cotter, Jr., is not a trustee of the Cotter Trust, and that he has no say in the voting of such Class B Stock. Under the Tentative Ruling, however, Mr. Cotter, Jr., would still succeed to the position of sole trustee of the voting sub-trust to be established under the Cotter Trust to hold the Class B Stock owned by the Cotter Trust (and it is anticipated, the Class B Stock currently held by the Cotter Estate), in the event of the death, disability or resignation of Margaret Cotter from such positon. Under the governing California Rules of Court, the Tentative Statement of Decision does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued. Accordingly, the Company continues to show the stock held by the Cotter Trust as beneficially owned by each of Ellen M. Cotter, Margaret Cotter, and Mr. Cotter, Jr. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Cotter Trust are reflected on the Company's stock register as being held by the Cotter Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Cotter Trust in accordance with the Company's stock register.

(14) Based on Mr. Cuban's Form 5 filed with the SEC on February 19, 2016 and Schedule 13D/A filed on February 22, 2016.

(15) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on January 14, 2009.

(16) The Class A Stock shown includes 28,639 shares subject to options not currently exercisable.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Form 4's for transactions that occurred in 2016 were not filed or filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

Filer	Form	Transaction Date	Date of Filing
James J. Cotter Jr.	4	March 10, 2016	March 15, 2016
Judy Codding	4	March 10, 2016	March 15, 2016

In addition to the above, the following Forms 5 for transactions that occurred 2015 or 2016 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934.

Filer	Form	Transaction Date	Date of Filing
Andrzej J. Matyczynski	5	December 31, 2016	February 24, 2017

Insofar as we are aware, all required filings have now been made.

EXECUTIVE OFFICERS

The following table sets forth information regarding our current executive officers, other than Ellen M. Cotter and Margaret Cotter, whose information is set forth above under "Directors."

Name	Age	Title
Dev Ghose	64	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
Robert F. Smerling	82	President - Domestic Cinemas
Wayne D. Smith	59	Managing Director – Australia and New Zealand
Andrzej J. Matyczynski	65	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 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 PricewaterhouseCoopers in the U.S. and KPMG in the UK from 1975 to 1985. 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. He has been involved in the acquisition and/or development of all of our existing cinemas. Prior to joining our Company, Mr. Smerling was the President of Loews Theaters, at that time a wholly owned subsidiary of Sony. While at Loews, Mr. Smerling oversaw operations at some 600 cinemas employing some 6,000 individuals and the development of more than 25 new multiplex cinemas. Among Mr. Smerling's accomplishments at Loews was the development of the Lincoln Square Cinema Complex with IMAX in New York City, which continues today to be one of the top five grossing cinemas in the United States. Prior to Mr. Smerling's employment at Loews, he was Vice Chairman of USA Cinemas in Boston, and President of Cinemanational Theatres. Mr. Smerling, a recognized leader in our industry, has been a director of the National Association of Theater Owners, the principal trade group representing the cinema exhibition industry.

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, Mr. Matyczynski acted as the Strategic Corporate Advisor to the Company, and 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
Background

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 have established a standing Compensation Committee consisting of three of our independent Directors. Our Compensation Committee charter requires our Compensation Committee members to meet the independence rules and regulations of the Securities Exchange Commission and the NASDAQ Stock Market.

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 Company's best interests. Our Compensation Committee reviewed, evaluated, and recommended to our Board of Directors the adoption of new compensation arrangements for our executive and management officers and outside directors. Our Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process, and the Committee also relied on the advice of our legal counsel, Greenberg Traurig, LLP.

Compensation Committee Charter

Our Compensation Committee Charter delegates the following responsibilities to our JA5567

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 the 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 the Compensation Committee 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 are subject to review and approval by our Board.

The Compensation Committee Charter is available on our website at http://www.readingrdi.com/Committee-Charters.

Executive Compensation

In early 2016, our Compensation Committee, following consultation with Willis Towers Watson, our Chief Executive Officer, and our legal counsel, reviewed the Company's compensation levels, programs and practices. As part of its engagement, Willis Towers Watson recommended and the Compensation Committee adopted a new peer group that the Committee believed reflected our geographic operations since the peer group included companies based in the U.S. and Australia and the companies in the peer group were comparable to us based on revenue.

The peer group adopted by the Compensation Committee included the following 15 companies:[1]

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.

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Vicinity Centres
IMAX Corporation
Village Roadshow Ltd.

The Compensation Committee used the peer group in reviewing compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. In addition, Willis Towers Watson also 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.

Willis Towers Watson prepared a summary for the Compensation Committee that 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

[1] In early 2017, our Compensation Committee engaged Willis Towers Watson to review again the peer group. Based on the recommendations of Willis Towers Watson, the Compensation Committee approved a new peer group for 2017, which included the above companies, except for the following which were removed: Associated Estates Realty Corp., Carmike Cinemas, Inland Real Estate Corp, each of which were acquired, and EPR Properties and Vicinity Centres, which were believed to no longer be size comparable. In their place, the following companies were added: Global Eagle Entertainment, National CineMedia, Red Lion Hotels Corporation, Retail Opportunity Investments Corp. and Saul Centers, Inc.

percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties. The summary included base salary, 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 and management.

The summary 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, the Compensation Committee implemented commencing in 2016:

- A formal annual incentive program for all executives; and
- A regular annual grant program for long-term incentives.

Additionally, our Compensation Committee recommended, and our Board subsequently adopted, a compensation philosophy for our executive and 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 our compensation policy, 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.

Reflecting the new approach, our Compensation Committee established (i) 2016 annual base salaries at levels that it believed were generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay summary assessment prepared by Willis Towers Watson, except for the base salary of our Chief Executive Officer, which remains below the 25th percentile, (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.

In the future, it is anticipated that our Compensation Committee will continue to 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

At our Compensation Committee's direction, our Chief Executive Officer prepared an executive compensation review for 2016 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.

Our Compensation Committee performs an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by our Chief Executive Officer regarding each element of the executive compensation arrangements. As part of the compensation review, our Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as to elect 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.

In the first quarter of 2017, our Compensation Committee met separately and with our Chief Executive Officer to review the performance goals of our various officers and to determine the extent to which the officer achieved such goals. Our Compensation Committee, in determining final incentive compensation for services rendered in 2016, also considered, among other things, the recommendations of our Chief Executive Officer, the overall operating results of our Company and the challenges met in achieving those operating results. The Committee noted the following with respect to 2016:

- We made significant strides in our investor relations program and our stock price hit record highs.
- Our total revenues in 2016 were the highest on record.
- Record operational performance was achieved across important metrics in each cinema division.
- A new theater was opened in Hawaii, our Company commenced the CAPEX program in the U.S. and completed the renovations of three Australia and New Zealand theaters.
- Gradual steps were taken in Australia and New Zealand to further expand the cinema portfolio while reviewing several opportunities in the U.S.
- Significant steps were taken through the year to progress our most important value creation projects: Union Square in the U.S., Newmarket Village in Australia and Courtenay Central in New Zealand.
- We acquired and substantially completed the renovation of our new corporate headquarters in Culver City, California.
- We completed three separate financing facilities and renegotiated two others.
- We took several important steps in significantly improving corporate governance.
- We overhauled our executive compensation structure and philosophy to better align compensation with the interest of stockholders.

Chief Executive Officer Compensation

On June 12, 2015, our Board appointed Ellen M. Cotter as our interim President and Chief Executive Officer. Initially, her base salary remained the same and she continued to receive the same base salary of $402,000 that she received at the time of her appointment. In March of 2016, the Compensation Committee, with the assistance of Willis Towers Watson and Ms. Cotter, adopted new procedures regarding officer compensation.

For 2016, our Compensation Committee met in executive sessions 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.

The Base Salary set for our Chief Executive Officer for 2016, or $450,000, remains substantially below the market base salary median for our peer companies. By comparison, the Willis Towers Watson report showed that the 25th, 50th and 75th percentiles in the market peer group of Chief Executive Officer base salaries were $505,000, $565,000 and $695,000, respectively. Because Ms. Cotter's potential short term incentive payment was based on a

percentage (95%) of her base salary, which was below the 25th percentile of market peers, Ms. Cotter's potential short term incentive payment was also set to be in a lower range than market peers.

In the first quarter of 2017, our Compensation Committee met separately and with our Chief Executive Officer to review the performance goals of our various officers and to determine the extent to which the officer achieved such goals. Our Compensation Committee, in determining final incentive compensation for services rendered in 2016, also considered, among other things, the recommendations of our Chief Executive Officer, the overall operating results of our Company and the challenges met in achieving those operating results.

2016 Base Salaries

Our Compensation Committee reviewed the executive pay summary prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries for the following officers. For 2016 base salaries, our Board approved the recommendations of our Compensation Committee for 2016 base salaries for the President and Chief Executive Officer, Chief Financial Officer and our three most highly paid executive officers other than our Chief Executive Officer and the Chief Financial Officer, collectively referred as our "named executive officers."

Name	Title	2016 Base Salary
Ellen Cotter [1]	President and Chief Executive Officer	$ 450,000
Dev Ghose	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	400,000
Andrzej J. Matyczynski [2]	EVP-Global Operations	336,000
Robert F. Smerling	President, US Cinemas	375,000
Margaret Cotter [3]	EVP-Real Estate Management and Development-NYC	350,000 [3]

(1) Ellen M. Cotter was appointed President and Chief Executive Officer on January 8, 2016. From June 12, 2015 until January 8, 2016, Ms. Cotter was the Interim President and Chief Executive Officer.

(2) 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.

(3) Margaret Cotter was retained by the Company as a full time employee commencing March 10, 2016. Prior to that time, she provided services as an employee of OBI. A discussion of that arrangement and the amounts paid to OBI are set forth under the caption Related Party Transactions, below. The $350,000 amount specified in the table was an annual compensation, of which $285,343 was paid with respect to services performed in 2016.

2016 Short Term Incentives

The Short Term Incentives authorized by our Compensation Committee provide 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. Because of the family relationship, the compensation payable to our Chief Executive Officer, Ellen Cotter, and Margaret Cotter must also be approved by our Board. Participants in the short-term incentive plan are 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.

For 2016, the performance goals for our named executive officers included (i) a target for company-wide "Compensation Adjusted EBITDA" (a non-GAAP measure defined

below) of $39,000,000; and (ii) Company-wide Property Development metrics. In addition, each of our named executive officers was given Compensation Committee approved individually tailored goals based on their respective areas of responsibility.

Management and the Compensation Committee use "Earnings before Interest, Taxes, Depreciation and Amortization, or "EBITDA," a non-GAAP financial measure, for a number of purposes in assessing the performance of the Company. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 6 – Selected Financial Data, a copy of which accompanies this Proxy Statement for a discussion and reconciliation of EBITDA. "Compensation Adjusted EBITDA" is one of the two principal Company-wide performance metrics used by the Compensation Committee and for assessing the performance of executives of the Company. Compensation Adjusted EBITDA is not otherwise used by management and is calculated in a manner intended to adjust out of EBITDA those elements not generally within the control of our executives, taking into account the precision of the annual operating and capital expenditure budgets and the circumstances during the year. The Compensation Adjusted EBITDA approved by our Compensation Committee for determining short-term incentives includes the following adjustments to EBITDA, with the amount of adjustments in 2016 as indicated:

		($ in thousands)
Net Income (Comparable GAAP financial measure)		9,403
EBITDA (Non-GAAP measure, see Item 6 – Selected Financial Data for reconciliation to net income)	$	35,894
Compensation Committee adjustments to EBITDA:		
(i) Adjustment for litigation expenses		3,651
(ii) Elimination of gains and losses from disposition of assets		(393)
(iii) Elimination of unusual or non-recurring events not included in the Company's budget for the performance period, such as the sale of a cinema(s) or the cessation of a cinema operation as a result of a natural disaster		1,421
(iv) Elimination of unbudgeted impairment charges or gains		–
(v) Elimination of non-cash deferred compensation		799
(vi) Elimination of exchange rate adjustments		359
(vii) Box office/attendance industry adjustments to account for industry		–
Compensation Adjusted EBITDA	$	41,731

Ms. Ellen M. Cotter is our President and Chief Executive Officer. Her target bonus opportunity of 95% of Base Salary was dependent on Ms. Cotter's achievement of her performance goals and achievement of corporate goals discussed above. Of that potential target bonus opportunity, her threshold bonus was achievable based upon meeting or exceeding the above referenced Company-wide goals (50%) and upon Ms. Cotter's meeting or achieving certain individual goals (50%). Her individual goals included development of certain strategies and vision for our Company, working on development of 2017's corporate budget, developing a stronger human resources function, working with our finance and tax groups to establish stronger procedures and controls and strategically evaluating certain of our real estate assets for value creation. Based on our Compensation Committee's review, Ms. Cotter was awarded a bonus of $363,375. Ms. Cotter's bonus was also approved by our Board.

Dev Ghose is our EVP, Chief Financial Officer, Treasurer and Corporate Secretary. His potential target bonus opportunity of 50% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (50%) and on Mr. Ghose's meeting or achieving certain individual goals (50%) related to his areas of responsibility, including internal audit, global financing costs, project financing, investor relations and return of stockholder capital. Based on our Compensation Committee's review, Mr. Ghose was awarded a bonus of $170,000. Mr. Andrzej J. Matyczynski is our EVP - Global Operations. His target bonus opportunity of 50% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (40%), meeting or exceeding division performance goals (30%), and on Mr. Matyczynski's meeting or exceeding certain individual goals (30%) related to his areas of responsibility, including certain corporate growth and cinema division goals. Based on our Compensation Committee's review, Mr. Matyczynski was awarded a bonus of $50,000. Mr. Robert Smerling is President, US Cinemas. His target bonus opportunity of 30% of Base Salary was achievable based upon meeting or exceeding the

above referenced Company-wide goals (40%), achievement of division performance goals (30%), and on Mr. Smerling's meeting or exceeding certain individual goals (30%) related to his areas of responsibility, including certain US cinemas/film buying, US circuit growth and US real estate/US circuit growth. Based on our Compensation Committee's review, Mr. Smerling was awarded a bonus of $72,068. Ms. Margaret Cotter is our EVP – Real Estate Management and Development-NYC. Her target bonus opportunity of 30% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (40%), meeting or exceeding division performance goals (30%), and on Ms. Cotter's meeting or exceeding certain individual goals (30%) related to her areas of responsibility, including certain New York City real estate and live theater matters. Based on our Compensation Committee's review, Ms. Cotter was awarded a bonus of $95,000. Ms.

Cotter's bonus was also approved by our Board.

The positions of other management team members had target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants were eligible to receive up to a maximum of 150% of his or her target bonus amount. While Company-wide goals were objectively measurable, many of the individual goals had both objective and subjective elements, so the Compensation Committee used discretion in making its final decisions.

Long-Term Incentives

Long-Term incentives utilize the equity-based plan under our 2010 Stock Incentive Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants received 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.

The following grants were made for 2016 on March 10, 2016:

		2016	
Name	**Title**	**Dollar Amount of Restricted Stock Units**	**Dollar Amount of Non-Statutory Stock Options (1)**
Ellen M. Cotter	President and Chief Executive Officer	$ 150,000	$ 150,000
Devasis Ghose [2]	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Robert F. Smerling	President, US Cinemas	50,000	50,000
Andrzej J. Matyczynski	EVP-Global Operations	37,500	37,500
Margaret Cotter	EVP-Real Estate Management and Development-NYC	50,000	50,000

(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 commencing on Mr. Ghose's first day of employment on May 11, 2015.

All long-term incentive awards are subject to other terms and conditions set forth in the 2010 Stock Incentive Plan and award grant. In addition, individual grants include certain accelerated vesting provisions. In the case of employees, the accelerated vesting will be triggered upon (i) the award recipient's death or disability, (ii) certain corporate transactions in which the awards are not replaced with substantially equivalent awards, or (iii) upon termination without cause or resignation for "good reason" within twenty-four months of a change of control, or a corporate transaction where equivalent awards have been substituted. In the case of awards to non-executive directors, the accelerated vesting will be triggered upon a change of control or certain corporate transactions in which awards are not replaced with substantially equivalent awards.

Our Compensation Committee has generally discussed, but has not yet seriously evaluated, future consideration of adding a performance condition to the long-term incentive awards.

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 are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. The DCP allowed Mr. Matyczynski to defer part of the cash portion of his compensation, subject to annual limits set forth in the DCP. The funds held pursuant to the DCP are not segregated and do not accrue interest or other earnings. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information. In addition, Mr. Matyczynski is entitled to a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, upon his retirement.

Upon the termination of Mr. Matyczynski's employment, he will also be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over seven years and with full vesting to occur in 2019 at $1,000,000 in deferred compensation. However, in connection with his changed employment to EVP - Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be $150,000 for 2015, and $21,875 for 2016, satisfying the Company's total contribution obligations under the DCP at an amount of $621,875.

The DCP is an unfunded contractual obligation of the Company. DCP benefits are paid from the general assets of the Company. However, the Company reserves the right to establish a grantor trust from which DCP benefits may be paid.

In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long term service to the Company. The retirement benefit is a single year benefit in 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, including certain named executive officers. If such individual ceases to be our employee 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, certain of our other named executive officers also received an automobile allowance. The table below shows car allowances granted to our named executive officers under their employment agreements or

arrangements. Beginning in 2017, our Compensation Committee recommended and management has agreed to eliminate car allowances. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Officer	Annual Allowance ($)
Ellen M. Cotter	13,800
Devasis Ghose	12,000
Robert F. Smerling	18,000
Andrzej J. Matyczynski	12,000

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.

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently composed of Mr. Kane, who serves as Chair, Mr. McEachern and Dr. Codding. Mr. Adams served on our Compensation Committee until May 2016. 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 of Directors 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
Judy Codding
Douglas McEachern

Executive Compensation

This section discusses the material components of the compensation program for our executive officers named in the Summary Compensation Table below. In 2016, our named executive officers and their positions were as follows:

- Ellen M. Cotter, Chairperson 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, EVP, Chief Financial Officer and Treasurer
- Andrzej J. Matyczynski, EVP-Global Operations
- Margaret Cotter, EVP, Real Estate Management and Development-NYC; and

- Robert F. Smerling, President – Domestic Cinema Operations.

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2016 to (i) Ellen M. Cotter, who served as our interim principal executive officer from June 12, 2015 through January 8, 2016 and who since that date has served as our principal executive officer, (ii) Mr. Dev Ghose, who served as our Chief Financial Officer starting May 11, 2015, and (iii) the other three most highly compensated persons who served as executive officers in 2016.

The following executives are herein referred to as our "named executive officers":

	Year	Salary ($)	Bonus ($)	Restricted Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earning ($)	Other Compensation ($)	Total ($)
Ellen M. Cotter [3]	2016	450,000	–	150,000	150,000	363,375	–	25,550 [4]	1,138,925
President and	2015	402,000	250,000	–	–		–	25,465 [4]	677,465
Chief Executive Officer	2014	335,000	–	–	–		–	75,190 [4][5]	410,190
Devasis Ghose [6]	2016	400,000	–	–	–	170,000	–	27,140 [4]	597,140
EVP, Chief Financial	2015	257,692	75,000	–	382,334		–	15,730 [4]	730,756
Officer, Treasurer and Corporate Secretary	2014	–	–	–	–		–	–	–
Robert F. Smerling	2016	375,000	–	50,000	50,000	72,068	–	23,434 [4]	570,502
President – Domestic	2015	350,000	75,000	–	–		–	22,899 [4]	447,899
Cinema Operations	2014	350,000	65,000	–	–		–	22,421 [4]	437,421
Andrzej J. Matyczynski [7]	2016	336,000	–	37,500	37,500	50,000	21,875 [8]	27,805 [4]	510,680
EVP-Global Operations	2015	324,000	–	–	33,010		150,000 [8]	27,140 [4]	534,150
	2014	308,640	–	–	33,010		150,000 [8]	26,380 [4]	518,030
Margaret Cotter [9]	2016	285,343	–	50,000	50,000	95,000		11,665 [4]	492,008
EVP-Real Estate	2015	10,990	–	–	–	–	–	–	10,990
Management and Development-NYC	2014	4,375	–	–	–	–	–	–	4,375

(1) Stock awards granted as a component of the 2016, 2015 and 2014 annual incentive awards are reported in this column as 2016, 2015 and 2014 compensation, respectively, to reflect the applicable service period for such awards, however, these stock grants were approved by the Compensation Committee during the first quarter of the following calendar year. 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.

(2) For the year ended December 31, 2016, the Compensation Committee approved the payment of a short-term incentives cash bonus. For a discussion regarding the 2016 short term incentive, see "Compensation Discussion and Analysis – 2016 Short Term Incentives."

(3) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 2015.

(4) 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.

Name	2016	2015	2014
Ellen M. Cotter	$ 10,600	$ 10,600	$ 10,400
Devasis Ghose	10,600	4,000	0
Andrzej J. Matyczynski	10,600	10,600	10,400
Margaret Cotter	10,600	0	0
Robert F. Smerling	0	0	0

(5) 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.

(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.

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(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, then took on the role of EVP-Global Operations.

(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) Margaret Cotter was retained by the Company as a full time employee commencing March 10, 2016. As such, she was paid a prorated amount of her $350,000 base salary for 2016. Prior to that time, she provided services as an employee of OBI. A discussion of that arrangement and the amounts paid to OBI are set forth under the caption Certain Relationships and Related Party Transactions, below.

Grants of Plan-Based Awards

The following table contains information concerning (i) potential payments under the Company's compensatory arrangements when performance criteria under such arrangements were established by the Compensation Committee in the first quarter of 2016 (actual payouts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation table) and (ii) stock awards and options granted to our named executive officers for the year ended December 31, 2016:

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying	Exercise or Base Price of Option	Grant Date Fair Value of Stock and Option
Name	Award Type	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	Options (#)(2)	Award ($/share)	Awards ($)(3)
Ellen M. Cotter	Short-term Incentive(1)		213,750	427,500	641,250	–	–	–			11.95	300,000
	Stock Options	3/10/2016								59,763		
	RSU	3/10/2016							12,552			
Devasis Ghose	Short-term Incentive(1)		100,000	200,000	300,000	–	–	–	–	–	–	–
	Stock Options											
	RSU											
Robert F. Smerling	Short-term Incentive(1)		56,250	112,500	168,750	–	–	–			11.95	100,000
	Stock Options	3/10/2016								19,921		
	RSU	3/10/2016							4,184			
Andrzej J. Matyczynski	Short-term Incentive(1)		84,000	168,000	252,000	–	–	–			11.95	75,000
	Stock Options	3/10/2016								14,941		
	RSU	3/10/2016							3,138			
Margaret Cotter	Short-term Incentive(1)		52,500	105,000	157,500	–	–	–			11.95	100,000
	Stock Options	3/10/2016								19,921		
	RSU	3/10/2016							4,184			

(1) Represents the short-term (or annual) incentive for fiscal year 2016. The award amount is based upon the achievement of certain company financial goals measured by our EBITDA and development metrics, division goals and individual goals, as approved by the Compensation Committee. For a discussion regarding the 2016 short term incentive, see "Compensation Discussion and Analysis – 2016 Short Term Incentives."

(2) Represents stock options granted under our Stock Incentive Plan. The stock options granted to the Named Executive Officers in 2016 have a 5-year term and vests to 25% of the shares of our common stock underlying the option great per year on the first day of each successive 12- month period commencing one year from the date of the grant. Options are granted with an exercise price equal to the closing price per share on the date of grant.

(3) Represents the aggregate ASC 718 value of awards made in 2016.

Nonqualified Deferred Compensation

Name	Executive contributions in 2016 ($)	Registrant contributions in 2016 ($)	Aggregate earnings in 2016 ($)	Aggregate withdrawals/ distributions ($)	Number of years of credited service	Aggregate balance at December 31, 2016 ($)
Andrzej J. Matyczynski (1)	0	21,875	0	0	7	621,875

(1) Mr. Matyczynski is the only executive who has a Nonqualified Deferred Compensation.

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2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan at the annual meeting of stockholders in accordance with the recommendation of our Board. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, Directors, and consultants. On March 10, 2016 our Board approved a First Amendment to the Plan to permit the award of restricted stock units. On March 2, 2017 and on April 26, 2017, our Board approved a further amendment to the Plan (the Second Amendment to the Plan) to allow net exercises of stock options to be made at the Participant's election; to incorporate the substance of the resolutions of the Compensation Committee on May 16, 2013 authorizing certain cashless transactions automatic exercise of expiring in the money options; and to broaden the permissible tax withholding by surrender of shares and to change the definition of Fair Market Value for purposes of the calculation of share value for purposes of net exercises and cashless exercises from the closing price to the average of the price of the highest sale price and the lowest sale price on the applicable measured day. The Plan permits issuance of a maximum of 1,250,000 shares of Class A Stock of which, 645,143 has been used to date. The Plan expires automatically on March 11, 2020.

Equity awards under our Plan are intended by us as a means to attract and retain qualified management, directors and consultants, to bind the interests of eligible recipients more closely to our own interests by offering them opportunities to acquire our common stock and/or cash and to afford eligible recipients stock-based compensation opportunities that are competitive with those afforded by similar businesses. Equity awards may include stock options, restricted stock, restricted stock units, 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.

Policy on Stock Ownership

At its meeting held March 23, 2017, our Board determined that, as a matter of policy, directors should hold shares of the Company's common stock having a fair market value equal to not less than three times (3X) their annual cash retainer, that the chief executive officer should hold shares of the Company's common stock having a fair market value equal to not less than six times (6X) her base salary, and that all other executive officers (as defined in the Compensation Committee Charter) should hold shares of the Company's common stock having a fair market value equal to not less than one times (1X) their respective base salaries. In each case, fair market value would be determined by reference to the trading price of such securities on the NASDAQ, as measured at the end of each calendar year. The Board further determined that for purposes of determining requisite stock ownership, there should be included all shares owned of record or beneficially, all vested and unvested stock options and all vested and unvested restricted stock units held by such individual and that the individuals covered by the policy should have a period of five years in which to achieve such levels of ownership.

Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2016 under the Plan:

Outstanding Equity Awards at Year Ended December 31, 2016

		Option Awards					Restricted Stock Awards			
Name	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: No. of Common Shares Underlying Unexercised Unearned Options	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested (1)	Equity Incentive Plan Awards: No. of Unearned Common Shares That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested
Ellen M.	A	20,000	–	–	5.55	3/6/2018	–	–	–	–
Cotter	A	14,941	44,822 (2)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	9,414 (3)	$ 156,272	–	–
Devasis Ghose	A	17,500	75,000 (4)		13.42	5/10/2020	–	–	–	–
Andrzej J.	A	25,000	–	–	6.02	8/22/2022	–	–	–	–
Matyczynski	A	3,735	11,206 (5)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	2,354 (6)	$ 39,076	–	–
Robert F.	A	43,750	–	–	10.24	5/8/2017	–	–	–	–
Smerling	A	4,980	14,941 (7)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	3,138 (8)	$ 52,091	–	–
Margaret	A	5,000	–	–	6.11	6/20/2018	–	–	–	–
Cotter	A	2,000	–	–	12.34	1/14/2020	–	–	–	–
	A	4,980	14,941 (9)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	3,138 (10)	$ 52,091	–	–

(1) Reflects the amount calculated by multiplying the number of unvested restricted shares by the closing price of our Common Stock as of December 31, 2016 or $16.60.

(2) 14,941 options will vest on each of March 10, 2018 and March 10, 2019 and 14,940 will vest on March 10, 2020.

(3) 3,138 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

(4) 25,000 options will vest on each of May 10, 2017, May 10, 2018 and May 10, 2019.

(5) 3,735 options will vest on each of March 10, 2018 and March 10, 2019, and 3,736 options will vest on March 10, 2020.

(6) 785 units will vest on March 10, 2018, and 784 units will vest on each of March 10, 2019 and March 10, 2020.

(7) 4,980 options will vest on each of March 10, 2018 and March 10, 2019, and 4,981 options will vest on March 10, 2020.

(8) 1,046 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

(9) 4,980 options will vest on each of March 10, 2018 and March 10, 2019, and 4,981 options will vest on March 10, 2020.

(10) 1,046 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

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, 2016:

		Option Awards		Stock Awards	
Name	Class	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
Ellen M. Cotter	–	–	–	–	–
Devasis Ghose	A	7,500	102,900	–	–
Andrzej J. Matyczynski	–	–	–	–	–
Robert F. Smerling	–	–	–	–	–
Margaret Cotter	–	–	–	–	–

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2016, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

Equity compensation plans approved by security holders [1]	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Stock Options	535,077 [2]	$ 9.84	
Restricted Stock Units	68,153 [2]	11.96	
Total	603,230		604,857

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

(2) Represents outstanding stock awards only.

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, 2016:

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. Andrzej J. Matyczynski – Deferred Compensation Benefits. During 2012, Mr. Matyczynski was granted an unfunded, nonqualified 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 7 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 a single year payment based on 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.

Option and RSU Grants. All long-term incentive awards are subject to other terms and conditions set forth in the 2010 Plan and award grant. In addition, beginning in 2017, individual grants include certain accelerated vesting provisions. In the case of employees, the accelerated vesting will be triggered upon (i) the award recipient's death or disability, (ii) certain corporate transactions in which the awards are not replaced with substantially equivalent awards, or (iii) upon termination without cause or resignation for "good reason" within twenty-four months of a change of control, or a corporate transaction where equivalent awards have been substituted. Options granted prior to that date typically provide for acceleration upon a "Corporate Transaction" defined to mean (i) a sale, lease or other disposition of all or substantially all of the capital stock or assets of our Company, (ii) a merger or consolidation of our Company, or (iii) a reverse merger in which our Company is the surviving corporation but the shares or Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise. If not so provided for in the applicable grant, then the acquiring entity has the right to substitute similar grants and if no such grants are substituted, then the outstanding then the applicable stock award terminates if not exercised on or prior to the date of such Corporate Transaction. RSU's granted prior to that date did not provide for acceleration upon a change of control

Except as described above, 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 occurred on December 31, 2016, assuming the transaction took place on December 31, 2016 at price equal to the closing price of the Class A stock, which was of $16.60.

Payable on upon Termination without Cause ($)				**Payable on upon Termination in Connection with a Change in Control ($)**			**Payable upon Retirement ($)**
Severance Payments	*Value of Vested Stock Awards*	*Value of Vested Option Awards(1)*	*Value of Health Benefits*	*Severance Payments*	*Value of Vested Stock Awards*	*Value of Vested Stock Options (1)*	*Benefits Payable under Retirement Plans or the DCP*

Ellen M. Cotter	–	–	290,476	–	–	–	498,898	–	
Devasis Ghose	400,000	–	55,650	23,040	800,000	–	294,150	–	
Andrzej J. Matyczynski	–	–	281,868	–	–	–	333,976	621,875	(2)
Margaret Cotter	–	–	84,127	–	–	–	153,603	–	
Robert F. Smerling	–	–	301,407	–	–	–	307,883	459,200	(3)

(1) Reflects the amount calculated by multiplying the number of unvested restricted shares by the closing price of our Common Stock as of December 30, 2016 or $16.60. In the event of a change in control all unvested options vest the day before the change in control. In the event of death or disability, all restricted stock awards vest.

(2) Represents vested benefit under his DCP and the payment will be made in accordance with the terms of the DCP. For a discussion regarding the Mr. Matyczynski's DCP, see "Compensation Discussion and Analysis – Other Elements of Compensation – Other Retirement Plans."

(3) Mr. Smerling's one-time retirement benefit is a single year payment based on the average of the two highest total cash compensation (bash salary plus cash bonus) 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 2016 and 2015.

Employment Agreements

As of December 31, 2016, our named executive officers had the following employment agreements in place.

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, renewable annually, 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.

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.

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 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 2016, 2015, and 2014. During this same period, we received management fees from the 86th Street Cinema of $150,000, $151,000, $123,000, respectively.

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 $177,000, $153,000 and $118,000 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 presented under other liabilities (see our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 8. Financial Statements and Supplementary Date, Notes to Consolidated Financial Statements, Note 11 – *Pension and Other Liabilities*, a copy of which accompanies this Proxy Statement).

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 (the "Improvements 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 2016 and 2015, we received no Improvements Fee. This amendment was approved by SHC and by our Audit Committee.

On August 31, 2016, SHP secured a new three-year mortgage loan ($20.0 million) with Valley National Bank, the proceeds of which were used to repay the mortgage on the property with the Bank of Santander ($15.0 million), to repay our Company for its $2.9 million loan to SHP), and for working capital purposes.

OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations were, until this year, managed by Off-Broadway Investments, LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of the late Mr. James J. Cotter, Sr., the sister of Ellen Cotter and James Cotter, Jr., and a member of our Board of Directors. That 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. The fees to be paid to OBI for 2016, 2015 and 2014 were $79,000, $589,000 and $397,000, respectively. 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 increase in the payment to OBI for 2015 was attributable to work done by Margaret Cotter, working through OBI, with respect to the development of our Union Square and Cinemas 1, 2, 3 properties.

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 gives 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 continues to be responsible for the management of our live theater assets, continues her role heading up the pre-redevelopment of our New York properties and is our senior executive responsible for the redevelopment of our

New York properties. Pursuant to the termination agreement, Ms. Cotter gave up any right she might otherwise have, through OBI, to income from STOMP.

Ms. Cotter's compensation as Executive Vice-President was recommended by the Compensation Committee as part of an extensive review of our Company's overall executive compensation and approved by the Board. For 2016, Ms. Cotter's base salary was $350,000 ($285,343 being paid in 2016, reflecting her March 10, 2016 start date), and bonus was $95,000, 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 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. Refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 3 – *Legal Proceedings,* a copy of which accompanies this Proxy Statement, for more information about the show STOMP.

Shadow View Land and Farming, LLC

Director Guy Adams 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 trusts for the benefit of Ellen M. Cotter, James J. 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.

Director Independence

Our Company common stock is traded on NASDAQ, and we comply with applicable listing rules of the NASDAQ Stock Market (the "NASDAQ Listing Rules"). In determining who is an "independent director", we follow the definition in section 5605(a)(2) of the NASDAQ Listing Rules.

Under such rules, we consider the following directors to be independent: Guy Adams, Dr. Judy Codding, William Gould, Edward Kane, Douglas McEachern and Michael Wrotniak.

We are not aware of any applicable transactions, relationships or arrangements not disclosed above that were considered by our Board of Directors under the applicable independence definitions in determining that any of our directors is independent.

Because we are a "controlled company" under NASDAQ rules, we are not required to and do not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved the Board nominees for our 2017 Annual Meeting.

Under the independent director definition under section 5605(a)(2) of the NASDAQ Listing Rules, we do not currently consider the following directors to be independent: Ellen Cotter, Margaret Cotter and James Cotter, Jr.

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.

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, 2016, 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 Form 10-K and Form 10-Q provided by Grant Thornton LLP for 2016 was approximately $776,500.

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Audit-Related Fees

Grant Thornton LLP did not provide us any audit related services for 2016.

Tax Fees

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2016.

All Other Fees

Grant Thornton LLP did not provide us any services for 2016, 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 2016 and 2015.

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2016 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 2018 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 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230. Unless we change the date of our 2018 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 June 22, 2018 to be considered timely. If our 2018 Annual Meeting is not held within 30 days of the anniversary of our 2017 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 2018 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2018 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive 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 Boards will consider written nominations for Directors from stockholders. To be considered by our Board, 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.

We currently anticipate that our 2018 Annual Meeting will be held in June of next year. Accordingly, stockholders wishing to make nominations should anticipate making such nominations by the end of January 2018.

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., 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230.

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 13, 2017

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 6, 2017.

VOTE BY INTERNET WWW.FCRVOTE.COM/RDI

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on November 6, 2017. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

VOTE BY TELEPHONE 1-866-859-2524

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. PT, on November 6, 2017. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., P.O. Box 3672, Ponte Vedra Beach, FL 32004-9911.

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

CONTROL NUMBER

If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing.

READING INTERNATIONAL, INC. ANNUAL MEETING PROXY CARD

Proposal 1. Election of BOARD OF DIRECTORS

The Board of Directors recommends a vote FOR all nominees listed.

(01) Ellen M. Cotter (02) Guy W. Adams (03) Judy Codding (04) Margaret Cotter
(05) William D. Gould (06) Edward L. Kane (07) Douglas J. McEachern (08) Michael Wrotniak

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

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

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" PROPOSAL 2:

Proposal 2. Advisory Vote on Executive Officer Compensation - To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers

FOR ☐ AGAINST ☐ ABSTAIN ☐

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "ONE YEAR" ON PROPOSAL 3:

Proposal 3. Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation - To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation

1 Year ☐ 2 Years ☐ 3 Years ☐ Abstain ☐

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" ON PROPOSAL 4:

Proposal 4. Approval of Amendment to Company's 2010 Stock Incentive Plan - To approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares

FOR ☐ AGAINST ☐ ABSTAIN ☐

Proposal 5. Other Business - To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Signature

Signature (Capacity)

Date

NOTE: Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If stockholder is a corporation, please sign full corporate name by authorized officers, giving full title as such. If a partnership, please sign in partnership name by authorized person, giving full title as such.

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**SIGN, DATE AND MAIL YOUR PROXY TODAY,
UNLESS YOU HAVE VOTED BY INTERNET OR TELEPHONE.**

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, NOVEMBER 6, 2017, TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, NOVEMBER 6, 2017 WILL BE VOTED.

SEE REVERSE SIDE

If submitting a proxy by mail, please sign and date the card on reverse and fold and detach card at perforation before mailing.

READING INTERNATIONAL

ANNUAL MEETING OF STOCKHOLDERS

November 7, 2017, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints S. Craig Tompkins and William D. Gould, 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, November 7, 2017 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

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

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2 AND 4, AND "ONE YEAR" ON PROPOSAL 3 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

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Attorneys for Defendant William Gould

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER. JR,

Plaintiff,

vs.

MARGARET COTTER, et al.,

Defendant.

READING INTERNATIONAL, INC.,

Nominal Defendant.

CASE NO. A-15-719860-B

DEFENDANT WILLIAM GOULD'S SUPPLEMENTAL REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

[Filed concurrently with Declaration of Shoshana E. Bannett]

Hearing Date: December 11, 2017
Hearing Time: 10:30 A.M.

Assigned to Hon. Elizabeth Gonzalez, Dept. XI

Trial Date: January 2, 2018

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff James Cotter, Jr. filed four briefs, totaling 55 pages, which purport to summarize the so-called "evidence" of breach of fiduciary duty against William Gould (and the other Reading directors). But his briefs nowhere mention the critical fact most relevant to Mr. Gould—namely, that, on the key vote on which this entire lawsuit hinges, Mr. Gould voted ***against*** Plaintiffs' termination. This fact alone proves that Mr. Gould was not participating in some secret conspiracy with Ellen and Margaret Cotter to terminate Plaintiff and should also contextualize all of his future activities at the company—where he was forced to deal with the consequences of a vote ***that he did not agree with.***

Indeed, although Plaintiff half-heartedly argues that Mr. Gould is not independent because at times he voted with Ellen and Margaret Cotter or did not do exactly what Plaintiff wanted Mr. Gould to do, ***Plaintiff's own expert concluded that that there was insufficient evidence to find that Mr. Gould lacked independence or disinterestedness. Justice Steele therefore opined that Mr. Gould was entitled to protections of the business judgment rule.*** Similarly, the independent shareholders who were deposed in this case all testified that they viewed Mr. Gould as independent and that they had no problem with him. Given that even Plaintiff's own expert believes Mr. Gould is entitled to the protections of the business judgment rule, the claims against him must be summarily adjudicated in his favor on that basis alone.

Plaintiff's claims fare no better on a merits examination. Because of the jumbled way that Plaintiff briefed these issues and the fact that his claims have morphed over time, it is important to first clarify which claims Plaintiff has brought against Mr. Gould (as opposed to the other directors). Plaintiff identified six actions that he contends support independent claims for breach of fiduciary duty (specifically breach of the duty of loyalty): (1) the threat to terminate Plaintiff; (2) Plaintiff's termination; (3) the 100,00 share option exercise; (4); the CEO search and appointment of Ellen Cotter as CEO; (5) hiring Margaret Cotter as EVP New York Real Estate; and (6) declining to pursue the Patton Vision offer. Plaintiff has informed Mr. Gould that he is not a defendant on the claims regarding the threat to terminate Plaintiff and the 100,000 share option

because Mr. Gould was not involved in either of those actions. And while Plaintiff is still pursuing an inane claim against Mr. Gould for Plaintiff's termination, it is again undisputed that Mr. Gould voted ***against*** his termination. That leaves just three real claims against Mr. Gould—his alleged breach of duty of loyalty relating to the CEO search, the hiring of Margaret Cotter's position, and the declination of Patton Vision offer.

It is clear that Plaintiff cannot establish a breach of fiduciary duty on any of these matters. Nevada law gives great deference to directors in making decisions that they believe will be in the best interest of the company. There is simply no evidence that Mr. Gould ever made a decision for any reason other than he thought it best for Reading. That is why he at times has sided with Plaintiff and at times with the Cotter sisters. External parties such as the partner at the executive search firm retained for the CEO search noted that Mr. Gould took his duties seriously and was attempting to find the right person for the job. Independent shareholders describe him as having had "a level head in this mess." As discussed previously and below in detail, at every turn Mr. Gould took into account common and appropriate considerations, which were clearly permitted under Nevada statutory law.

Simply put, Plaintiff's evidence against Mr. Gould consists of nothing more than his contentions that he would have done things differently. As everyone - other than Plaintiff himself—that has looked at Mr. Gould's actions sees Mr. Gould as independent, disinterested, and acting in the best interest of the company, he is entitled to the full benefits of the business judgment rule and the claims against him must be summarily adjudicated in his favor.

II. ARGUMENT

A. Mr. Gould is independent and disinterested and entitled to the protection of the business judgment rule.

It is undisputed that under Nevada law a director who is both independent and disinterested is entitled to the protection of the business judgment rule. *See* Suppl. Opp. 1 & 2 at 6-7. Plaintiff does not contend that Mr. Gould is interested in any of the matters at issue.[1] Plaintiff does appear

[1] Nor can he. A director is interested in a matter if he will receive a specific financial benefit

to contend that Mr. Gould is not independent. *Id.* at 9-10. But a director lacks independence only if his decision resulted from him being controlled by another. *See Shoen v. SAC Holding Corp,* 122 Nev. 621, 637-38 (2006); *Orman v. Cullman,* 794 A.2d 5, 24, 25 n.50 (Del. Ch. 2002). Control is ordinarily shown by demonstrating that (1) a director is dominated by another party, such as through a close personal or familial relationship; or (2) a director is beholden to another party, such that the other party has the power to decide whether the director continues to receive a benefit upon which the director is so dependent or is of such subjective material importance that its threatened loss might create a reason to question whether the director is able to consider the corporate merits of the challenged action objectively. *Telxon Corp. v. Meyerson,* 802 A.2d 257.

Plaintiff does not point to *any* facts that suggest that Mr. Gould was controlled by Ellen or Margaret Cotter (or any of the other directors, for that matter). Plaintiff does not contend that Mr. Gould has a close personal relationship with either Ellen or Margaret Cotter. Suppl. Opp 1 & 2 at 9-10. And Plaintiff does not contend that Mr. Gould has any financial relationship with Ellen or Margaret Cotter. *Id.* As a result, Plaintiff cannot demonstrate that Mr. Gould lacks independence.[2]

Plaintiff's own expert witness in this case agrees. Justice Steele, a former justice on the Delaware Supreme Court, ***"reached the conclusion that [he] could find insufficient facts to suggest to [him] there was a reasonable doubt about [Gould's] independence or disinterestedness."*** Ex. 1 at 149:1-5 (emphasis added). Based on this conclusion, when Justice Steele defined the "defendants" he purposefully did not include Mr. Gould. *Id.* at 149:13-21. And Justice Steele's other opinions regarding possible breaches of fiduciary duty "do not apply to Mr. Gould", but only the other individual defendants. *Id.* at 149:22-150:1. Instead, because

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from his action or lack of action on the matter. *See Shoen v. SAC Holding Corp,* 122 Nev. 621, 637-38 (2006); *Orman v. Cullman,* 794 A.2d 5, 24, 25 n.50 (Del. Ch. 2002). Mr. Gould received no specific financial benefit from any of the events at issue in this lawsuit.

[2] The fact that Ellen and Margaret Cotter are controlling shareholders who could remove Gould if unhappy does not show a lack of independence, otherwise every director who voted the same way with a controlling shareholder would lack independence, As another Court put it, "a stockholder's control of an organization does not indicate lack of independence without particularized allegations of relationships between the directors and controlling stockholder demonstrating that the directors are beholden to the stockholder." *Beam v. Stewart,* 845 A. 2d 1040, 1054 (Del. 2004).

Justice Steele saw no evidence to suggest that Mr. Gould lacked independence or disinterestedness, ***Justice Steele concluded that Mr. Gould was entitled to the benefit of the business judgment rule and there was no need "to carry the analysis any farther than that."*** *Id.* at 150:22-151:5.

Justice Steele's expert opinion was reiterated by each of the independent shareholders who were deposed in this matter. Jonathan Glaser testified that he believed Mr. Gould was independent. Ex. 2 at 194:2-194:8 (Glaser Dep.). Similarly, Andrew Shapiro testified that Mr. Gould was socially independent and that, unlike some of the other directors, Shapiro had no problem with Mr. Gould. Ex. 3 at 292:14-292:18 (Shapiro Dep.). Likewise, Whitney Tilson testified that he had positive feelings towards Gould and Gould was not one of the directors he would seek to have removed from Reading's Board of Directors. Ex. 4 at 160:11-161:4 (Tilson Dep.).

Plaintiff cannot meet the legal standard and show that Mr. Gould had either a personal or financial relationship with Ellen and Margaret Cotter. But he tries to get around this by arguing that the Court should infer some sort of an improper bias toward Ellen and Margaret Cotter anyway. Plaintiff's argument is based solely on the fact that Mr. Gould sometimes voted the same way the Cotter sisters voted, such as when he voted to "repopulate" the executive committee (which this Court has already held cannot support an independent claim for breach of fiduciary duty), or took other reasonable actions that the Plaintiff himself disapproves of, even though each of those actions were similarly appropriate and within the scope of Mr. Gould's fiduciary duties, such as relying on company counsel to assess whether Mr. Adams had a financial conflict.

While all of Mr. Gould's actions were perfectly reasonable, that is not the point at this stage. Plaintiff's analysis of independence is completely backwards. The Court does not undertake a substantive evaluation of a director's conduct to determine whether the director is independent. Under the business judgment rule, the Court does not get into a substantive evaluation of a director's conduct *until* it is shown that the director is not independent and disinterested. *See, e.g., Wynn Resorts Ltd v. Eighth Judicial District Court in and for the County of Clark,* 399 P.3d 344, 342-43 (2017). Plaintiff has not cited to a single case in which the Court

looks at a defendant's actions as a director to determine whether the director is independent and that is because there are none. That is why Plaintiff's own expert, who was aware of all of the conduct that Plaintiff points to here, concluded that there was insufficient evidence to conclude that Mr. Gould lacked independence or disinterestedness—and did not then go any further in his analysis.

Given that every single person that has looked at the evidence in this case, including Plaintiff's expert and the independent shareholders, believes that Gould is independent and disinterested, Mr. Gould must be given the benefit of the business judgment rule and the case against him must be summarily adjudicated in his favor.

B. Under Nevada law, the burden to prove breach of fiduciary duty remains with Plaintiff; the burden never shifts to Mr. Gould to prove the "entire fairness" of his actions.

Even if the Court were to reach the merits of Plaintiff's claims against Mr. Gould (and it should not given that Mr. Gould is entitled to the business judgment rule), Plaintiff's claims against Gould should fail because Plaintiff cannot meet his burden to demonstrate that Mr. Gould (1) breached his fiduciary duty; and (2) did so with the requisite mindset of intentional misconduct, fraud, or a knowing violation of law.

Citing Delaware law exclusively, Plaintiff argues that if he is able to demonstrate that the business judgment rule does not apply, the burden shifts to Mr. Gould to prove the "entire fairness" of his actions Suppl. Opp. 2 & 3 at p. 12. But the plain language of the governing Nevada statute demonstrates that unlike Delaware, in Nevada the burden remains on Plaintiff. Nev. Rev. Stat. § 78.138 states that:

> [A] director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his capacity as a director or officer unless:
>
> (a) The trier of fact determines that the presumption established by subsection 3 has been rebutted; and
>
> (b) ***It is proven that:***
>
> (1) The director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or

officer; and

(2) Such breach involved intentional misconduct, fraud or a knowing violation of law.

Nev. Stat. Rev. § 78.138(4)(7) (emphasis added). Because even after the presumption that a director acts in good faith is rebutted, the statute still requires that the plaintiff must ***prove*** both a breach of fiduciary duty and that the breach involved intentional misconduct, fraud, or a knowing violation of law, a Nevada director-defendant does not have to prove the "entire fairness" of his actions.[3]

Here, as discussed below, it is clear that Plaintiff cannot meet this burden and show a breach of fiduciary duty involving intentional misconduct, fraud, or a knowing violation of law by Mr. Gould with respect to any of the four actions that Plaintiff claims support independent breaches of fiduciary duty—the termination of Cotter, Jr., the CEO search, the appointment of Margaret Cotter to the position of EVP New York real estate and/or the response to the Patton Vision offer.

C. There is no evidence to support a claim against Mr. Gould for breach of fiduciary duty based on Plaintiff's termination because Mr. Gould *voted against* Plaintiff's termination.

Strangely, Plaintiff continues to contend that Mr. Gould is liable for breach of fiduciary duty based on Plaintiff's termination even though Mr. Gould voted *against* terminating Plaintiff. Plaintiff's claim is nonsensical. Plaintiff admits that Mr. Gould's vote against his termination was done with the best interests of Reading in mind. (Ex. 5 at 1017:14-24; 1026:21-1027:12 (Cotter, Jr. Dep. Vol IV)). If Gould acted with the best interests of Reading in mind, then he did not breach his fiduciary duty. And unsurprisingly, the law is clear that a director is not responsible for an action he did not vote for. *See, e.g., In re Tri-Star Pictures, Inc., Litig.*, No. CIV. A. 9477, 1995 WL 106520, at *2 (Del. Ch. Mar. 9, 1995)) (refusing to hold director liable for board

[3] Plaintiff agrees that the law of another jurisdiction, such as Delaware, cannot supplant or modify the law of Nevada. Suppl. Opp 1 & 2 at p. 4. Here because Delaware's "entire fairness" burden shifting would supplant Nevada's statutory allocation of the burden of proof, the "entire fairness" test is invalid in Nevada.

decision where director abstained from vote); *In Re Wheelabrator Technologies, Inc. Shareholders Litigation*, C.A. No. 11495, 1992 WL 212595, at *10 (Del. Ch. Sept. 1, 1992) (same); *Citron v. E.I. du Pont de Nemours & Co.*, 584 A.2d 490, 499 (Del.Ch. 1990) (same). Because he voted against the termination, there is no basis whatsoever to hold Mr. Gould liable for an independent claim of breach of fiduciary duty based on Plaintiff's termination. This claim must be summarily adjudicated in Mr. Gould's favor.

D. There is no evidence to support a separate claim against Mr. Gould relating to the CEO search or the appointment of Ellen Cotter as permanent CEO.

Next, Plaintiff contends that Mr. Gould breached his fiduciary duty by "aborting the CEO search" and selecting Ellen Cotter (the interim CEO) as permanent CEO. Suppl. Opp 2 & 5. Plaintiff once again goes through a lengthy, misleading recitation of the "facts" regarding the CEO search. *Id.* at 2-9. Gould has already responded to Plaintiff's various mischaracterizations of the record, in his original reply brief and incorporates that brief by reference.

But even taking everything Plaintiff says as true, all Plaintiff has demonstrated is that the search could have been conducted differently and a different CEO could have been selected. And of course that is the case. There are many ways to look for a CEO. For example, when Reading hired the Plaintiff, they engaged in a much less thorough process than the search Plaintiff now challenges. In particular, when Reading hired Plaintiff, the Board did not engage an executive search committee. They did not come up with desired qualifications or interview any candidates at all. The Board of Directors simply voted to appoint the Plaintiff based on their understanding that Cotter, Sr., the controlling shareholder, wanted his son to succeed him as CEO. Motion for Summary Judgment at 3.

Here by contrast, Reading engaged an executive search firm (Korn Ferry), established a CEO search committee, which then met with Korn Ferry to put together a position specification. The search committee interviewed all six of the candidates recommended by Korn Ferry, interviewed Ellen Cotter after she decided to throw her hat in the ring, reassessed the validity of the original position specification after interviewing candidates and receiving feedback from the Plaintiff that it was too focused on real estate, discussed the relative merits of the external

candidates against Ellen Cotter and then selected Ellen Cotter based on her performance to date, her personality, her knowledge of Reading, and the stability she offered, among other factors (with Margaret Cotter abstaining from the vote). Mot. for Summary Judgment at 21, 23. Korn Ferry's Bob Mayes testified that these are common considerations in selecting a CEO: internal candidates are sometimes preferred because there is less disruption; cultural fit, motivation, personality traits and style are all commonly considered; and a strength in one area can outweigh a weakness in the other. Motion for Summary Judgment at 23.

Plaintiff contends that when the Directors (including Mr. Gould) selected Plaintiff because the Plaintiff's father, *the controlling shareholder*, wanted his son to become CEO, that selection was consistent with the Director's fiduciary duties. Mot. for Summary Judgment at 3. But he argues that the more thorough process involving the search and the appointment of his sister *was* a breach of fiduciary duty because the directors took into account the wishes of *the controlling shareholders*. Suppl. Opp. 2 & 5 at 12. Clearly, it cannot be consistent with one's fiduciary duties to take the wishes of the controlling shareholder into account when Cotter, Jr. is selected CEO, but a violation of one's fiduciary duties to take the wishes of the controlling shareholder into account when Cotter, Jr's rival is selected CEO.

Nevada's recent amendments to its statute governing director conduct make clear that Nevada directors have broad powers to determine what is in the best interest of the corporation and *are always permitted to take into account the interests of controlling shareholders*. Indeed, the Legislature specifically added a provision stating that

> [d]irectors and officers, in exercising their respective powers with a view to the interests of the corporation may: (a) consider all relevant facts, circumstances, contingencies or *constituencies*. . .[and] (b) *Consider or assign weight to the interests of any particular person or group*, or to any other relevant facts, circumstances, contingencies or constituencies.

Nev. Rev. Stat. § 78.138(4) (emphasis added). By taking into account the wishes of the controlling shareholders, Mr. Gould was doing nothing more than considering or assigning weight to the interests of a particular group. Here, Mr. Gould appropriately took into account (as one factor of many) the interest of the controlling shareholders in determining the interests of the

corporation, as he is entitled to do under Nevada law.

Finally, there is simply no evidence that Gould acted with intentional misconduct, fraud, or a knowing violation of law when he recommended Ellen Cotter for the position of permanent CEO. As Korn Ferry's Bob Mayes testified, Mr. Gould took the process seriously, attended all search committee calls, and ***Mr. Gould never said or did anything that made him think Mr. Gould was doing anything other than trying to find the right person for the job.*** Mot. for Summary Judgment at 25. The fact that Ellen Cotter could be and was selected by someone trying to find the right person for the job is reinforced by the fact that independent shareholders also recognize that Ellen Cotter was a good choice for CEO. As shareholder Johnathan Glaser testified, he was "not in the least surprised" that Ellen Cotter was selected permanent CEO, and he was not troubled by that, because he

> recognize[s], one the difficulty of finding anybody else, particularly with the circus going on; and two, I think she knows the company pretty well, has been there a long time, probably learned the business from her dad. So I'm not convinced that there's some knight in shining armor out there to come in and be, you know, a great – you know, a much better CEO of this company. I'm okay with Ellen.

See, e.g., Ex. 2 at 156:20-22; 258:22-259:18 (Glaser Dep.) (also testifying that "I'm personally comfortable with Ellen as CEO."). Simply put, there is no evidence to suggest that Mr. Gould breached his fiduciary duty, in selecting Ellen Cotter as CEO, a choice that other shareholders agree with, let alone that he acted with intentional misconduct, fraud, or a knowing violation of law.

E. There is no evidence that Mr. Gould breached his fiduciary duties when he voted to decline to pursue the Patton Vision Offer.

Plaintiff contends that Mr. Gould also breached his fiduciary duties when he voted to decline to pursue the Patton Vision offer. Plaintiff devotes more than 12 pages to spinning the facts, but essentially his "evidence" boils down two items that he contends shows that it was a breach of fiduciary duty to decline to pursue the Patton Vision offer. First, Mr. Gould asked Ellen and Margaret Cotter for their views, as controlling shareholder. Second, the business plan that the directors relied on was not a formal, written and approved business strategy. But despite

Plaintiff's use of negative buzz-words like "imaginary," everything that Mr. Gould did was entirely consistent with Nevada law and his fiduciary duties in contemplating an offer.

First, as discussed above, Nevada law makes clear that directors are able to consider the and assign weights to the interest of any particular person or group, which necessarily includes controlling shareholders. Nev. Rev. Stat. § 78.138(4)(b). And that makes sense. Before deciding whether to incur significant expenses on behalf of the company (and all shareholders) to hire outside experts to evaluate the offer, one would obviously want to know if there is any possibility of success. If the controlling shareholders are opposed and will not sell their stock, it could be a complete waste of corporate assets to engage outside experts. Nevada law permitted Mr. Gould to ask the controlling shareholders for their views and take those views into account and he reasonably did so.

But Mr. Gould did not solely rely on the controlling shareholders views. As Plaintiff's brief makes clear, the directors were provided with materials that summarized the company's business strategy and the company's management team made a presentation regarding the company's financial position. *See* Suppl. Opp. at 2-8. Plaintiff does not and cannot point to any requirement that the Board rely on a formally adopted, written business strategy as opposed to slideshows and other presentations. And while Plaintiff personally takes issue with various aspects of the conclusions presented by management, that does not make it unreasonable for Mr. Gould to rely on the information presented by the company's executives, including the company's CFO. Indeed, Nevada law specifically contemplates that a director will rely on the information presented by the company's executives. Nev. Rev. Stat. § 78.138(2)(a). And as it turns out, those views were not and are not unreasonable. External analysts have issued reports with a BUY rating and a target price of $26/share. Ex. 6 (Osborne Rebuttal Report) at ¶ 44. And the Company's stock is already up $4/share since the initial offer, suggesting that the management was correct when they concluded that Reading was undervalued.

Mr. Gould relied on appropriate considerations in making his decision to vote to decline to pursue the Patton Vision offer and as a result, Plaintiff cannot show that Mr. Gould's vote was a breach of fiduciary duty, much less that it involved intentional misconduct, fraud, or a knowing

violation of law.

F. There is no evidence that Mr. Gould breached his fiduciary duties when he approved the appointment of Margaret Cotter as EVP New York real estate.

Plaintiff concedes that the fact that Mr. Gould (1) approved Ellen Cotter's compensation package on the recommendation of executive compensation experts and the compensation committee, (2) approved a one-time payment to Margaret Cotter on the recommendation of the compensation committee and the audit committee based on the winding up of her separate business; and (3) the approval of a one-time payment to Guy Adams to cover additional work he did beyond his director duties, based on the recommendation of CEO Ellen Cotter, do not support independent claims for breach of fiduciary duty. Suppl. Opp. 2 & 6 at 2, Suppl. Opp. 2& 3 at 1-2 (identifying claims that Plaintiff contends constitute independent breaches of fiduciary duty). And that is correct. As discussed at length in Mr. Gould's Motion for Summary Judgment, approving each of those payments on the recommendation of knowledgeable executives, experts and committees was entirely consistent with Mr. Gould's fiduciary duties. Motion for Summary Judgment at 25-27.[4] And, as noted above, Mr. Gould was not involved in the $100,000 share option, and, necessarily, Plaintiff does not contend that Mr. Gould breached any fiduciary duties with respect to that option.

Plaintiff contends only that Mr. Gould is liable for an independent breach of fiduciary duty stemming from the appointment of Margaret Cotter as Executive Vice President (EVP) New York real estate. Ellen Cotter appointed Margaret Cotter to the role of executive vice president with the advice and consent of the Board of Directors. Ex. 7. The Board voted 6-0 in favor of the appointment with Ellen and Margaret Cotter not participating and Plaintiff abstaining.[5] *Id.* Plaintiff contends that Mr. Gould breached his fiduciary duty by approving Ellen Cotter's choice of an executive because in Plaintiff's opinion, Margaret Cotter was unqualified for the role. Gould

---

[4] Plaintiff claims here it was unusual to provide payments to directors in the range of $50,000 dollars, but Mr. Gould pointed out in his opening brief that the company had provided additional payments to directors ranging from $25,000 -$75,000. Motion for Summary Judgment at 27

[5] As Plaintiff testified, board cohesion and unanimity is in and of itself a consideration that director may take into account when voting. Ex. 5 at 1055:6-14 (Cotter, Jr. Dep. Vol IV)

approved Ellen Cotter's recommendation because it is his view that a CEO should be able to build his or her own team.[6] Motion for Summary Judgment at p. 27 n. 17. If Ellen Cotter's choice of Margaret Cotter was a poor one, the directors would hold Ellen Cotter accountable. This is a reasonable position to take and is consistent with a director's fiduciary duties. *See* Ex. 6 at 23-24 (Expert rebuttal report of Dr. Alfred Osborne). *See also* Nev. Stat. Rev. § 78.138(4) (permitting directors to take into account all relevant facts, circumstances, contingencies, or constituencies).

Margaret Cotter had ably handled the land-marking process and pre-development of the New York properties, as well as supervised an arbitration win when a difficult tenant, Stomp, vacated one of Reading's New York properties. As a result of these experiences, Ellen Cotter and the other directors, were convinced that Margaret Cotter would put together the right team to develop the New York real estate. *See, e.g.,* Ex. 8 at 55-60 (Ellen Cotter Dep.); Ex. 8 at 57; 72-73 (Kane Dep.); Ex. 10 at 262-63 (McEachern Dep.) That Margaret Cotter's brother, who she had been warring with, had a different view, is not evidence that it was a breach of fiduciary duty to approve the CEO's choice of an executive team, and it certainly does not show that Mr. Gould acted with intentional misconduct, fraud, or a knowing violation of law.[7]

III. CONCLUSION

For the foregoing reasons, and the reasons stated in the Defendant William Gould's Motion for Summary Judgment, the Reply Brief, and the Independent Directors MPSJ No. 3 and Gould's Request for Hearing, all of Plaintiff's claims against Defendant Gould should be summarily adjudicated in favor of Gould.

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[6] Mr. Gould acted entirely consistently when Plaintiff was CEO and Plaintiff did not want to appoint Margaret Cotter to be EVP New York real estate. Mr. Gould supported Plaintiff's decision, then, because the CEO should get to build his or her own team. Declaration of James Cotter, Jr., ¶ 36.

[7] Plaintiff contends that the $200,000 payment to Margaret Cotter was improper because it was in exchange for a position that she was previously willing to accept for free. Plaintiff cites nothing more than his say so for this position. As discussed in Mr. Gould's Motion for Summary Judgment, two separate committees, the Audit Committee and the Compensation Committee approved this payment and found it was appropriate for Margaret Cotter's prior work and for releases and waivers granted in winding up her company. Motion for Summary Judgment at 26. It was reasonable and appropriate for Mr. Gould to rely on these two separate committees in deciding to approve the payment. *Id.*

December 4, 2017

BIRD, MARELLA, BOXER, WOLPERT, NESSIM, DROOKS, LINCENBERG & RHOW, P.C.

By _____

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Attorneys for Defendant William Gould

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Cir. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **DEFENDANT WILLIAM GOULD'S SUPPLEMENTAL REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 4th day of December, 2017.

Kaitlin Ahern
EMPLOYEE

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER. JR,

Plaintiff,

vs.

MARGARET COTTER, et al.,

Defendant.

READING INTERNATIONAL, INC.,

Nominal Defendant.

CASE NO. A-15-719860-B

DECLARATION OF SHOSHANA E. BANNETT IN SUPPORT OF DEFENDANT WILLIAM GOULD'S SUPPLEMENTAL REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

[Filed concurrently with Supplemental Reply]

Hearing Date: December 11, 2017
Hearing Time: 10:30 A.M.

Assigned to Hon. Elizabeth Gonzalez, Dept. XI

Trial Date: January 2, 2018

DECLARATION OF SHOSHANA E. BANNETT

I, Shoshana E. Bannett, declare as follows:

1. I am an active member of the Bar of the State of California and an associate with Bird, Marella, Boxer, Wolpert, Nessim, Drooks, Lincenberg & Rhow, a professional corporation, attorneys of record for Defendant William Gould in this action. I make this declaration in support of Defendant William Gould's Supplemental Reply in Support of Motion for Summary Judgment. Except for those matters stated on information and belief, I make this declaration based upon personal knowledge and, if called upon to do so, I could and would so testify.

2. Attached as **Exhibit 1** is a true and correct copy of excerpts from the deposition transcript of Myron Steele, taken on October 19, 2016

3. Attached as **Exhibit 2** is a true and correct copy of excerpts from the deposition transcript of Jonathan Glaser, taken on June 1, 2016.

4. Attached as **Exhibit 3** is a true and correct copy of excerpts from the deposition transcript of Andrew Shapiro, taken on June 6, 2016.

5. Attached as **Exhibit 4** is a true and correct copy of excerpts from the deposition transcript of Whitney Tilson, taken on May 25, 2016.

6. Attached as **Exhibit 5** is a true and correct copy of excerpts from Volume IV of the deposition transcript of James Cotter, Jr., taken on July 11, 2017.

7. Attached as **Exhibit 6** is a true and correct copy of the Expert Report of Alfred Osborne in rebuttal to Myron Steele.

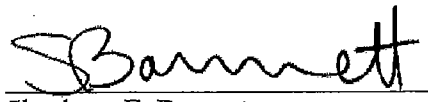
8. Attached as **Exhibit 7** is a true and correct copy of Minutes from the March 10, 2016 meeting of the Reading Board of Directors.

9. Attached as **Exhibit 8** is a true and correct copy of excerpts from the deposition transcript of Ellen Cotter, taken on June 16, 2016

10. Attached as **Exhibit 9** is a true and correct copy of excerpts from the deposition transcript of Edward Kane, taken on May 2, 2016

11. Attached as **Exhibit 10** is a true and correct copy of excerpts from the deposition transcript of Douglas McEachern, taken on May 6, 2016.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I executed this declaration on December 5, 2017, at Los Angeles, California.



Shoshana E. Bannett

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Cir. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **DECLARATION OF SHOSHANA E. BANNETT IN SUPPORT OF DEFENDANT WILLIAM GOULD'S SUPPLEMENTAL REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 5th day of December, 2017.

Kaitlin Ahmad
EMPLOYEE

EXHIBIT 1

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, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,	)	A-15-719860-B
Defendants,	)	
and	)	Case No.
READING INTERNATIONAL, INC., a Nevada corporation,	)	P-14-082942-E
Nominal Defendant.	)	

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF MYRON STEELE
Philadelphia, Pennsylvania
Wednesday, October 19, 2016

Reported by:
Susan Marie Migatz, RMR, CRR
JOB No. 2463323

PAGES 1 - 185

then skimming his deposition, I reached the conclusion that I could find insufficient facts to suggest to me there was a reasonable doubt about his independence or his disinterestedness. So his deposition as a result became less important to me.

Q. But separate and apart from disinterestedness or a lack of independence, were you or are you offering any opinion as to whether Mr. Gould might have breached a fiduciary duty?

A. I am not.

Q. All right. And so that -- that's what I wanted to get to next.

In terms of your report -- and I first thought it was an oversight, but now from your testimony, I'm beginning to think it was intentional -- on Page 2, if you look at 441, you define "defendants" to be the various individuals stated there, but it doesn't include Mr. Gould.

A. It does not.

Q. And that was on purpose.

A. Yes.

Q. All right. And then in terms of each of the opinions that you provided in this report, those opinions only apply to the defendants as you defined them and they do not apply to Mr. Gould.

A. That's correct.

Q. All right. This could be shorter than I thought.

A. I knew I was answering that question correctly.

Q. I thought -- I honestly did think it might have been an oversight, but I'm glad you corrected that for me.

Now, hang on.

And to be clear, and this is what I -- I think you did cover this with Mr. Searcy -- that based on your review of the Complaint, based on the various depositions you reviewed, you saw no evidence that supports the conclusion that, in fact, Mr. Gould was not independent and was interested?

A. Yeah. And -- and let --

Q. Is that true?

A. Well, the way you phrased it causes me difficulty in answering it because what I've tried to do both in the report and here today is develop the Delaware two-step analysis.

In the first step, if there are no facts sufficiently pleaded to suggest a lack of independence and interest -- in -- interestedness, then you get -- don't go to the next inquiry and

reach any decision about whether there was a breach of fiduciary duty because they get the benefit of the business judgment rule.

So there's no reason for me to carry the analysis of Mr. Gould any farther than that. So I reached no opinion about whether he breached his fiduciary duty or not. I just say the pleadings don't support the second step.

Q. Okay. And so -- and when you say "the pleadings," what you did is you accepted each of the pleadings -- I'm sorry -- you accepted the allegations of the pleadings as true in forming your opinion about Mr. Gould.

MR. KRUM: Well, objection; mischaracterizes the testimony.

THE WITNESS: I -- I don't accept the pleadings as true or false. It's sufficiency to give rise to whether or not there is a reasonable doubt about an individual's independence or disinterestedness. That's all I say.

BY MR. RHOW:

Q. Okay. All right. Now, one of the things that was mentioned earlier was this concept of preventing familial disputes. I don't know if

C E R T I F I C A T E

I do hereby certify that I am a Notary Public in good standing; that the aforesaid testimony was taken before me, pursuant to notice, at the time and place indicated; that said deponent was by me duly sworn to tell the truth, the whole truth, and nothing but the truth; that the testimony of said deponent was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription; that the deposition is a true and correct record of the testimony given by the witness; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome thereof.

WITNESS my hand and official seal this 2nd day of November, 2016.

_ _ _ _ _ _ _ _ _ _ _

Susan Marie Migatz

Notary Public

EXHIBIT 2

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

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JONATHAN GLASER
Los Angeles, California
Wednesday, June 1, 2016

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312217
Pages 1 - 293

Reading -- "of RDI."

Does that refresh your recollection that that's, in fact, what you're still asking for?

A. It is still in there.

Q. But is it your understanding that you're not actually seeking that? 01:42PM

A. That's correct.

Q. Was that a decision that was made by you and Mr. Tilson that that was not something you were seeking? 01:42PM

A. Yes.

Q. Describe for me how that decision was made.

A. I don't recall exactly. It's a body of thought that's emerged over the course of the last few months. 01:42PM

Q. And what was that decision based on, generally? Why did you originally think that was something you wanted but now you think that that's not something you want?

A. I guess I'd just say it's not a high priority, that I'm personally comfortable with Ellen as CEO or a third party. It's not -- it's just not a high priority to put Jim, Jr. back. And I'm not opining on whether he's a good CEO or not a good CEO. I don't know. But in the scope of what we're 01:42PM 01:43PM

what was going on.

Q. Bill Gould, is he independent?

A. I believe so.

Q. And why do you believe Bill Gould was independent? 02:34PM

A. I believe I've -- well, relying on counsel. From what I understand, he also seems to be -- have had, you know, a level head in this mess.

Q. Okay. Can you think of specific instances that exhibited what you're describing as a level head? 02:34PM

A. At the moment, I can't.

Q. Judy Codding, do you believe she was -- she's independent?

A. No. 02:34PM

Q. Why not?

A. Because I believe she was appointed at a time when they couldn't -- because of all -- what's called the noise going on, that it was probably difficult to find the best possible directors. I'm not sure anybody would want to step into this mess. 02:35PM

I believed Judy Codding is a personal friend of either Ellen or Margaret's, and so I don't think she's independent. I'm not saying she's not qualified. I don't think she's independent. 02:35PM

cover.

Q. Okay. And then, just so we're clear, looking at pages, say, 117 and 118, after each line there's a number which indicates -- I believe on these pages at least, indicates the number of options or shares. 04:17PM

A. Yes.

Q. Then there's the code name for the company, RDI.

A. Yeah. 04:17PM

Q. And what's the number --

A. That's prob- --

Q. -- and the letters that follow?

A. That's probably a security ID number. So that's -- that, I'm guessing, is an ID number for the contract, for the specific options contract. 04:17PM

Q. And does that include all the way into the letters that end --

A. Yeah. And then they -- where you see PCMJ or JMG or Glaser, that would be the account that it goes into. 04:17PM

Q. You said at one point that you would not fire Ellen Cotter. Why not?

A. I don't have any evidence that she's not a good CEO. I -- in fact, I told -- when the 04:18PM

search -- CEO search was concluded and they announced Ellen was becoming the permanent CEO, one, I was not in the least bit surprised and, two, I told Andrzej in the conversation I had with him that I was not necessarily troubled by that either. 04:18PM

Q. Did you say to Andrzej, the CFO, why you were not troubled by that?

A. I don't recall, no.

Q. Why weren't you troubled by that?

A. I recognize, one, the difficulty of finding anybody else, particularly with the circus going on; and, two, I think she knows the company pretty well, has been there a long time, probably learned the business from her dad. 04:18PM

So I'm not convinced that there's some knight in shining armor out there to come in and be, you know, a great -- you know, a much better CEO of this company. I'm okay with Ellen. 04:18PM

Q. Did you -- I believe you indicated that you spoke to someone on behalf of Pico -- 04:19PM

A. Yes.

Q. -- Pico Holdings?

A. Yeah.

Q. Do you recall -- you don't remember who the name was? 04:19PM

IN THE SUPREME COURT OF NEVADA

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

Appellant,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK,

Respondents,

and

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

Supreme Court Case No. 75053

JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF

VOLUME XXIII (JA5488-5736)

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CERTIFICATE OF SERVICE

I certify that on the 22nd day of January 2019, I served a copy of **JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF VOLUME XXIII (JA5488-5736)** upon all counsel of record:

☒ By mailing it by first class mail with sufficient postage prepaid to the following address(es); via email and/or through the court's efiling service:

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public company. Notwithstanding, the grandchildren are the only beneficiaries of the Voting Trust and their interest is the only interest that counts.

5. This conflict necessitates immediate relief. Patton Vision's principal has recently stated in the press that he is willing to consider a higher offer for RDI if "a valuation path that is greater than our offer that makes sense," but that "other opportunities are presenting themselves, and we're going to proceed where we can execute."[2] In other words, time is of the essence.

6. For these reasons, Jim Jr. respectfully requests that this Court appoint an independent trustee *ad litem* with full authority to consider the Offer, engage in the due diligence necessary to do so, negotiate if the interim trustee deems appropriate and take all actions necessary and appropriate to consummate a transaction in the trustee's reasonable judgment and discretion.

II. JURISDICTIONAL ALLEGATIONS

7. Jim Jr. is a co-trustee of the Trust under the 2014 Amendment, a beneficiary under both the 2014 Amendment and the 2013 complete restatement of the Trust (the "2013 Trust"), and an interested person as defined in Section 48 of the Probate Code. Jim Jr. therefore has standing to bring this Petition. Prob. Code §§ 1310, subd. (b), 15642, subd. (e), 17206.

8. Margaret and Ellen are co-trustees under the 2014 Amendment with Jim Jr. (and would be sole trustees of the 2013 Trust if the 2014 Amendment were invalidated). Ellen resides in this County. Margaret resides in New York, New York.

9. The Trust is administered in this County and all three co-trustees have invoked the jurisdiction of this Court on that basis in various other petitions in this proceeding. This Court has jurisdiction over Jim Jr.'s Petition, which concerns the internal affairs of the Trust, pursuant to California Probate Code § 17000(a).

10. Venue is proper pursuant to California Probate Code § 17005(a)(1), because the principal place of the Trust's administration is in Los Angeles County.

III. FACTUAL ALLEGATIONS

A. The Grandchildren's Interest In The RDI Voting Stock.

11. Pending litigation will determine which provisions of which Trust instrument govern. But under either the 2014 Amendment or the 2013 Trust, Jim Sr.'s RDI voting stock is to

be distributed to a sub-trust for the ultimate benefit of Jim Sr.'s grandchildren titled the Reading Voting Trust. Under the terms of the 2014 Amendment, but not the 2013 Trust, Margaret, Ellen and Jim Jr. have what amounts to a theoretical income interest in part of the Reading Voting Trust for some period of time. Margaret, Ellen and Jim Jr. have no interest whatever in the Reading Voting Trust if the 2013 Trust governs and the 2014 Amendment is invalid. The Voting Trust under the 2014 Amendment would be divided into a generation skipping transfer tax ("GST") exempt share and a non-GST exempt share. Only under the 2014 Amendment, Margaret, Ellen, and Jim Jr. would be entitled to discretionary payments of net income for their lifetimes from the non-GST exempt share. The sole asset is the RDI voting stock. The only possible income would be dividends, but RDI does not issue dividends nor is there any plan that RDI will ever issue any dividends. Thus, this so-called income interest to part of the Voting Trust under the 2014 Amendment, if it is valid, is non-existent. It is merely theoretical.

12. Under the 2014 Amendment, the entire GST exempt share and the remainder of the non-GST exempt share is to be held for the benefit of the grandchildren. If the 2014 Amendment is found invalid and the 2013 Trust governs, the grandchildren and only the grandchildren have any interest (the children do not even have the theoretical income interest in part as discussed above). Under the 2013 Trust, the Reading Voting Trust is not divided into GST exempt and non-exempt shares and Jim Sr.'s children have no right or interest in the Reading Voting Trust at all. Instead, all of the voting stock is to be held in trust for the sole benefit of Jim Sr.'s grandchildren.[4]

13. Although Margaret and Ellen have no right to ownership of the RDI voting stock under the 2013 Trust or the 2014 Amendment, they are the only ones who have benefitted from the Trust's RDI stock because they have used that voting stock to maintain control of RDI for themselves. Through that control, they ensured the termination of Jim Jr. as CEO, the promotion

[4] The significant difference between the 2014 Amendment and the 2013 Trust, which has spawned the litigation between the parties, is in the naming of successor trustees for the Trust and trustees for the Reading Voting Trust. Under the 2014 Amendment, Ellen, Margaret and Jim Jr. are successor co-trustees of the Trust, and Jim Jr. and Margaret are co-trustees of the Reading Voting Trust. Whereas, under the 2013 Trust, Ellen and Margaret are the successor co-trustees of the Trust, and Margaret is the sole trustee of the Reading Voting Trust. In other words, the 2013 Trust would give Margaret and Ellen sole control over RDI. It stands to reason that should the voting stock sell, the litigation between the Cotter siblings may finally reach a resolution.

of Ellen to replace Jim Jr. as CEO, and the hiring of Margaret as an employee (she had been for decades merely an independent consultant prior to Jim Sr.'s death). Margaret and Ellen used that control to institute lucrative compensation arrangements for themselves. As long as Margaret and Ellen keep the voting stock in Trust, their positions of control of RDI remain.

B. The Offer To Buy The Trust's Voting Stock

14. The Patton Vision Offer provides the grandchildren with an opportunity to profit significantly, and to protect their inheritance from market volatility by allowing the trustee to invest the proceeds of the sale of the voting stock in a diversified portfolio.

15. On May 31, 2016, Patton Vision wrote to Ellen, as RDI's CEO, offering to purchase RDI, both the voting and non-voting stock, for $17 per share, which was a significant premium over the market price of the stock.

16. At a June 2, 2016 meeting, Ellen advised RDI's Board of Directors of the Patton Vision offer.

17. On June 23, 2016, the Board met to discuss the Patton Vision offer. Ellen gave an oral presentation in which she concluded that the $17/share offer did not reflect RDI's true value. Ellen and Margaret also indicated that they did not support a sale of RDI. Jim Jr. reserved judgment, citing insufficient information. In the end, the Board declined to hire an outside independent investment advisor, and declined to pursue the offer. The Board indicated that one of its factors in deciding not to pursue the Patton Vision Offer was that the Company's controlling shareholder, i.e., Ellen and Margaret, were not in favor of doing so.

18. Ellen rejected Patton Vision's May 31, 2016 offer on September 14, 2016 without even attempting to discuss, much less negotiate, with Patton Vision.

19. Patton Vision again wrote to Ellen on September 14, 2016, reiterating its prior offer.

20. On October 31, 2016, Patton Vision sent letters to each member of the RDI Board. In this letter, Patton Vision stated, "I am requesting a meeting in person, or over the phone, to establish a reasonable and appropriate dialogue going forward. *We are concerned that the executive leadership's unwillingness to engage in a dialogue with Patton Vision, will make it*

impossible for the Board to properly consider our proposal at the upcoming Board of Directors Meeting scheduled for November 7, 2016."

21. Patton vision additionally explained,

> You also may or may not be aware that the CEO and Board Chair of Reading International, Inc., Ms. Ellen Cotter, despite a number of personal written requests over nearly a five month period, has been unwilling to meet with me and representatives of my consortium. I have emphasized to Ms. Cotter in our correspondence that a higher valuation for my offer may be warranted, should there be non-public information about which I am unaware. To my knowledge, she and the executive leadership of the Company have not appointed a subcommittee, or an independent committee of the Reading International Board, to consider my offer to the level of detail that all shareholders of the company and the offer deserves.
>
> Certainly, it is necessary for such a material matter, such as our offer, to be treated with respect and according to the fiduciary responsibilities of you and your colleagues on the Reading International, Inc. Board of Directors. Before any formal discussion of the offer at your Board level, a detailed discussion in person is warranted.
>
> Please let me be very clear, and repeat that our offer is in fact a bona fide, fully-funded, all cash offer, that would provide your shareholders a significant premium to the current publicly listed price of the company's shares.

22. The Board considered Patton Vision's newest offer on November 7, 2016. It still did not engage an outside investment advisor or conduct any diligence on the Patton Vision Offer.

23. In another one-page letter dated November 10, 2016, Ellen again dismissed out-of-hand Patton Vision's proposal, based on the surface-level discussion at the Board's November 7, 2016 meeting.

24. On December 19, 2016, Patton Vision reached out to Ellen yet again, and increased its offer to $18.50 per share, which again represented a significant premium.

25. Ellen did nothing substantive in response.

26. Despite having received no meaningful response from RDI, Patton Vision renewed its offer to buy RDI for $18.50 per share again on January 23, 2017.[5] This time, it directed its

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[5] The Offer was for RDI's voting stock and for the non-voting stock. That is of no moment here because, according to Margaret and Ellen, the Trust's shares of RDI non-voting stock would go to

offer not to Ellen as CEO of RDI, but to Ellen, Margaret, and Jim Jr. as co-trustees of the Trust under the 2014 Amendment. Patton Vision expressly offered to consider a higher sale price if one could be justified.

27. Patton Vision made the same offer to Margaret and Ellen as the sole executors of Jim Sr.'s Will.[6]

C. **The Patton Vision Offer Pits Margaret And Ellen's Personal Interests Against The Interests Of The Grandchildren**

28. Margaret and Ellen have not responded to Patton Vision's latest offer to them as trustees and executors, and Jim Jr. is informed and believes that Margaret and Ellen have done nothing to evaluate the Offer. In light of Ellen's refusal to respond meaningfully to the offers made directly to RDI, it stands to reason that she and Margaret will do what has been done since May 2016: dismiss the Offer in order to preserve their control of RDI.

29. Ellen and Margaret's consistent dismissals of Patton Vision's offers—at more than 40% over the market price for RDI's stock—puts them clearly at odds with the grandchildren-beneficiaries of that stock, under either the 2014 Amendment or the 2013 Trust.[7]

30. It is in the grandchildren's best interests for an independent trustee *ad litem* to consider objectively the Patton Vision Offer. As noted above, the grandchildren's shares of RDI voting stock are providing them no present monetary benefit. If Patton Vision's Offer were

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the James J. Cotter Foundation and it, like the grandchildren, are served by considering Patton Vision's above-market offer.

[6] There is no dispute that Jim Sr. owned 1,123,888 shares of RDI voting stock at his death. Because Margaret and Ellen have refused to marshal Trust assets, 427,808 shares of Jim Sr.'s voting stock are being administered in the probate estate and 696,080 shares are currently held in the Trust.

[7] It should be noted that Margaret and Ellen previously objected to the appointment of an independent guardian *ad litem* to represent the grandchildren's interest in this proceeding, alleging that the interests of Margaret and Jim Jr. are aligned with their children's interests, such that the expense of a guardian *ad litem* was not necessary for the Trust. As noted in the main text, there is serious doubt as to whether Margaret's interests align with that of her children. Moreover, as a practical matter, Margaret and Ellen have divested Jim Jr. of any meaningful ability to represent his children's interests by taking the position that they alone have the right to vote the Trust's RDI voting stock because they constitute a majority of trustees, effectively denying any representation to Jim Jr.'s children. Jim Jr. therefore renews his request for the appointment of a guardian *ad litem* by way of a separately filed petition.

accepted, by contrast, the Reading Voting Trust would receive more than $33 million, which could in turn be invested in a diversified portfolio allowing the grandchildren to realize now the benefits of their stock ownership. Moreover, the grandchildren would be able to receive their inheritance outright at age 31, instead of receiving income or principal at the discretion of a trustee.[8]

31. Margaret and Ellen, by contrast, have a personal interest in maintaining control of RDI, which gives them a present benefit, as they currently run the Company, Ellen as its CEO and Margaret as Executive Vice President of Real Estate Management and Development-NYC. They have shown themselves willing to act against their own pecuniary interest to maintain that control (if they win the Trust contest, they lose tens of millions of dollars in inheritance), and there is no reason to believe that they will put the grandchildren's pecuniary interests above their own personal need for control.

IV. CLAIMS

A. Temporary Trustee with Immediate Powers Is Necessary to Prevent Injury and Loss to the Trust

32. Probate Code section 1310(b) provides as follows:

> Notwithstanding that an appeal is taken from the judgment or order, for the purpose of preventing injury or loss to a person or property, the trial court may direct the exercise of the powers of the fiduciary, or may appoint a temporary guardian or conservator of the person or estate, or both, or a special administrator or temporary trustee, to exercise the powers, from time to time, as if no appeal were pending. All acts of the fiduciary pursuant to the directions of the court made under this subdivision are valid, irrespective of the result of the appeal. An appeal of the directions made by the court under this subdivision shall not stay these directions.

Jim Jr. alleges that this Court should appoint a trustee *ad litem* with directions under Probate Code section 1310(b) to evaluate the Patton Vision Offer and take reasonable steps to act on the Offer in the trustee's sole discretion.

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[8] Jim Jr. recognizes that it was Jim Sr.'s intent to keep RDI in the family and for all three of his children to work together in that endeavor. However, as the years of litigation and infighting have shown, absent a resolution by the three Cotter children to work together, which has proven impossible, Jim Sr.'s vision cannot be fulfilled.

33. A trustee has a duty to exercise reasonable care, skill, and prudence in administering the trust, and to do so solely in the interest of the beneficiaries Prob. Code §§ 16000, 16040, subd. (a). A trustee must act impartially with all trust beneficiaries. Prob. Code § 16003. Margaret's and Ellen's conflicts of interest and unrelenting need to control RDI, no matter the consequences, prevent them from carrying out their fiduciary duties of loyalty, good faith, and impartiality.

34. Under Probate Code section 15642, subdivision (e), "[i]f it appears to the court that trust property or the interests of a beneficiary may suffer loss or injury pending a decision on a petition for removal of a trustee and any appellate review, the court may, on its own motion or on petition of a cotrustee or beneficiary...suspend the powers of the trustee to extent the court deems necessary." *See* Prob. Code § 15642, subd. (b) ("The grounds for removal of a trustee by the court include the following: (3) Where hostility or lack of cooperation among co-trustees impairs the administration of the trust....(4) Where the trustee fails or declines to act....(9) For other good cause"). Pursuant to Probate Code section 17206, the court has discretion "to make any orders and take any other action necessary or proper to dispose of the matters presented by the petition, including appointment of a temporary trustee to administer the trust in whole or in part." Absent an order under Probate Code section 1310(b), Jim Jr. requests that this Court exercise its discretion under Probate Code section 15642, subdivision (e) and Probate Code section 17206 to suspend the powers of the co-trustees with respect to the sale of RDI shares in order to prevent loss or injury to Trust property and to protect the interests of the beneficiaries, particularly the Cotter grandchildren.

B. Nomination of Andrew Wallet, Esq. as Trustee *Ad Litem*

35. Given the irreconcilable conflicts of interests between Margaret and Ellen on the one hand, and the Cotter grandchildren on the other, and the hostility between Jim Jr. and Margaret and Ellen, which has impaired the administration of the Trust, Jim Jr. respectfully nominates Andrew Wallet, Esq. to serve as trustee *ad litem*. Mr. Wallet has the experience and skill to serve as a fiduciary in these circumstances. A true and correct copy of Mr. Wallet's

curriculum vitae is attached hereto as **Exhibit 1**. Mr. Wallet consents to this appointment and his consent is attached hereto as **Exhibit 2**.

VI. PERSONS ENTITLED TO NOTICE

36. The following persons are entitled to notice of this Petition (there have been no requests for special notice):

Margaret G. Lodise, Esq. Kenneth M. Glazier, Esq. Douglas E. Lawson, Esq. SACKS, GLAZIER, FRANKLIN & LODISE LLP 350 South Grand Avenue, Suite 3500 Los Angeles, CA 90071	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Cotter
Harry P. Susman, Esq. SUSMAN GODFREY L.L.P. 1000 Louisiana, Suite 5100 Houston, TX 77002	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Marie Cotter
Glenn Bridgman, Esq. SUSMAN GODFREY L.L.P. 1901 Avenue of the Stars, Suite 950 Los Angeles, CA 90067-6029	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Marie Cotter
James J. Cotter, Jr. 311 Homewood Los Angeles, California 90049	Adult Son; Beneficiary; Successor Co-Trustee
Ellen Marie Cotter 20 East 74th Street, Apt. 5B New York, NY 10021	Adult Daughter; Beneficiary; Successor Co-Trustee; Co-Executor
Ann Margaret Cotter 120 Central Park South Apt. 8A New York, NY 10019	Adult Daughter; Beneficiary; Successor Co-Trustee; Co-Executor
Duffy James Drake 120 Central Park South Apt. 8A New York, NY 10019	Minor Grandson; Beneficiary

Margot James Drake Cotter 120 Central Park South Apt. 8A New York, NY 10019	Minor Granddaughter; Beneficiary
Sophia I. Cotter 311 Homewood Los Angeles, California 90049	Minor Granddaughter; Beneficiary
Brooke E. Cotter 311 Homewood Los Angeles, California 90049	Minor Granddaughter; Beneficiary
James J. Cotter 311 Homewood Los Angeles, California 90049	Minor Grandson; Beneficiary
Gerard Cotter 226 Pondfield Road Bronxville, New York 10708	Beneficiary
Victoria Heinrich 186 Cherrybrook Lane Irvine, California 92613	Beneficiary
Susan Heierman 262 West Pecan Place Tempe, Arizona 85284	Beneficiary
Eva Barragan 13914 Don Julian La Puente, California 91746	Beneficiary
Mary Cotter 2818 Dumfries Road Los Angeles, California 90064	Beneficiary
James J. Cotter Foundation Reading International 6100 Center Drive Suite 900 Los Angeles, California 90045	Beneficiary

V. **PRAYER FOR RELIEF**

WHEREFORE, Jim Jr. prays for an order of this Court granting the Petition as follows:

1. Appointing Andrew Wallet, Esq. as trustee *ad litem*.

2. Granting the trustee *ad litem* with full power, authority, and protections under the Trust and California trust law, as any other named trustee would have, to evaluate the Offer, conduct due diligence, negotiate with Patton Vision or any other potential offerors, and take all actions necessary or appropriate to consummate the sale of the Trust's RDI shares, including but not limited to:

a. Communicate solely with Patton Vision regarding their Offer to purchase the Trust's RDI shares;

b. Receive solely and exclusively all offers for the purchase of the Trust's RDI shares;

c. Enter into purchase and sale agreements with respect to the Trust's RDI shares;

d. Take all actions necessary to carry out the terms, conditions, and obligations of any purchase and sale agreement with respect to the Trust's RDI shares, including negotiating any modifications thereto;

e. Receive all proceeds of sale from the Trust's RDI shares;

f. Return to the co-trustees of the Trust, namely Margaret, Ellen, and Jim Jr., net proceeds of the sale of the Trust's RDI shares to be invested, managed and distributed in accordance with the terms of the Trust;

g. Hire investment advisors, tax advisors, accountants, attorneys, or any other advisors the trustee *ad litem* deems necessary and reasonable, in his sole discretion, to carry out his powers;

3. Temporarily suspending Jim Jr., Margaret, and Ellen's powers with respect to all of the foregoing and within matters until further orders of this Court;

4. Allowing the trustee *ad litem* compensation calculated at his normal hourly rate, and instructing the trustee of the Trust, namely Margaret, Ellen, and Jim Jr., to pay the trustee *ad litem*'s fees on a monthly basis.

5. Instructing the trustee *ad litem* to take all actions consistent with this order notwithstanding any appeal, pursuant to Probate Code section 1310(b), the court finding that such order is necessary to prevent loss or injury to the Trust.

6. Granting such other relief as this Court deems just and proper.

Dated: February 8, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By _____

ADAM F. STREISAND
Attorneys for JAMES J. COTTER, JR.

Exhibit 14

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

In Re: JAMES J. COTTER LIVING TRUST	Case No.: BP159755
ELLEN MARIE COTTER MARGARET COTTER Petitioners, vs. JAMES J. COTTER Jr., Respondent.	TENTATIVE STATEMENT OF DECISION

The court makes the following findings in this case:

The "hospital amendment" is invalid due to the lack of capacity of James Cotter, Sr. and undue influence when he signed the hospital amendment. Although James Cotter, Sr. intended for the voting stock and other assets of his trust to remain with the family, there is no explicit prohibition on their sale, as circumstances have changed, both as to the ability of his children to work cooperatively as executives in his company RDI, the potential conflict of interest with any of the children as to the grandchildren, and the lack of diversification with the extensive holdings in the cinema industry.

The court exercises its power pursuant to Probate Code section 15642 to appoint a temporary trustee ad litem, with the narrow and specific authority to obtain offers to purchase the Reading stock in the voting trust, but not to exercise any other powers without court approval, specifically the sale of the company or any other powers possessed by the trustees. The trustees are not suspended or removed, pending future hearings if necessary.

The significant assets of Sr.'s estate begins with the company Sr. built, RDI, and specifically the company stock. RDI is his family business and he owned the majority throughout his life. RDI has a dual-class stock structure with non-voting (Class A) and voting (Class B) stock. At his death, Sr. owned roughly 1.2 million voting shares (70% of the voting stock), which are not actively traded, and about 2.2 million non-voting shares.

His assets also included citrus farms in Tulare and Fresno counties, consisting of over 2000 acres of orchards and a packaging house, Cecelia Packing, that processed citrus both from the its own orchards and other farms. The court does not sense that Sr.'s children have a sentimental attachment to these Central Valley orange groves as with a traditional family farm or ranch.

Sr. owned numerous private investments and real estate, often as partnership shares of real-estate ventures. These investments include, among others, the properties known as Sutton Hill, Shadow View, Sorento, and Panorama, and a Laguna Beach condominium. Sr. owned an interest in the 120 Central Park South Cooperative Apartment that his daughter Margaret has lived in for over 20 years. Sr.'s Supplemental Executive Retirement Plan ("SERP") from RDI is worth approximately $7.5 million.

Exhibit 15

Mark E. Ferrario(SBN 104062)
Ferrariom@gtlaw.com
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, NV 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

Attorneys for READING INTERNATIONAL, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CENTRAL DISTRICT

In re the

JAMES J. COTTER LIVING TRUST dated August 1, 2000, as amended

CASE NO. BP159755

READING INTERNATIONAL, INC.'S STATEMENT OF POSITION ON JAMES J. COTTER, JR.'S *EX PARTE* PETITION FOR THE APPOINTMENT OF A TRUSTEE *AD LITEM*

DECLARATIONS OF WILLIAM GOULD, DOUGLAS McEACHERN, AND EDWARD KANE

Assigned for All Purposes to:
Hon. Clifford L. Klein

Date: May 15, 2017
Time: 8:30 a.m.
Dept.: 9

PROVISIONALLY FILED UNDER SEAL

Exhibit 16

DEF 14A 1 rdi-20171013xdef14a.htm DEF 14A

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

SCHEDULE 14A

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

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

Check the appropriate box:

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

READING INTERNATIONAL, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____

JA5505

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READING INTERNATIONAL, INC.
5995 Sepulveda Boulevard, Suite 300
Culver City, California 90230

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESday, november 7, 2017

TO THE STOCKHOLDERS:

The 2017 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Tuesday, November 7, 2017, at 11:00 a.m., Local Time, for the following purposes:

1. To elect eight Directors to serve until the Company's 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified;

2. To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers;

3. To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation;

4. To approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares; and

5. 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 and Form 10-K/A for the fiscal year ended December 31, 2016 are enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on September 21, 2017, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

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

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

October 13, 2017

READING INTERNATIONAL, INC.
5995 Sepulveda Boulevard, Suite 300
Culver City, California 90230

PROXY STATEMENT

Annual Meeting of Stockholders
Tuesday, November 7, 2017

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 2017 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 7, 2017, at 11:00 a.m., local time, at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about October 13, 2017.

At our Annual Meeting, you will be asked to (1) elect eight Directors to our Board of Directors (the "Board") to serve until the 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified; (2) approve, on a non-binding, advisory basis, the executive compensation of our named executive officers; (3) recommend, by non-binding, advisory vote, the frequency of votes on executive compensation; (4) approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares; and (5) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Ellen M. Cotter and Margaret Cotter, Co-Executors of their father's (James J. Cotter, Sr.) estate (the "Cotter Estate") and Co-Trustees of a trust (the "Cotter Trust") established for the benefit of his heirs, together, have sole or shared voting control over an aggregate of 1,123,888 shares or 66.9% of our Class B Stock, which is the only class of our common stock with voting power. Ellen M. Cotter and Margaret Cotter have informed our Board that their brother, James, J. Cotter, Jr. ("Mr. Cotter, Jr."), is taking the position that under the trust document currently governing the Cotter Trust, they are obligated to vote to elect him to our Board, even though he has not been nominated by our Board. As previously disclosed in our Company's Report on Form 8-K dated September 6, 2017, the California Superior Court has tentatively ruled that the amendment to the Cotter Trust (the "2014 Amendment"), which included certain language relating to the appointment of Ellen M. Cotter, Margaret Cotter and Mr. Cotter, Jr., to our Board, is invalid. However, that ruling is at this point in time only tentative and not binding on the parties or the Superior Court. Accordingly, Ellen M. Cotter and Margaret Cotter have advised our Board that, unless further action is taken by the Superior Court regarding their obligations under the 2014 Amendment, they currently intend to present at the Annual Meeting two stockholder proposals, the first, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to elect Director Mr. Cotter, Jr. as a director of the Company.

The Board understands that Ellen M. Cotter and Margaret Cotter have separate obligations as Co-Executors of the Cotter Estate and Co-Trustees of the Cotter Trust. The

above-referenced stockholder proposals that Ellen M. Cotter and Margaret Cotter currently intend to take solely in such roles do not diminish the Board's continuing support of them in their director and executive officer capacities.

As of September 21, 2017, the record date for the Annual Meeting (the "Record Date"), there were 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock") outstanding.

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon.

ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

This Proxy Statement is being sent to all of our stockholders of record as of the close of business on September 21, 2017, by Reading's Board to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2017 Annual Meeting, which will be held on Tuesday, November 7, 2017, at 11:00 a.m. local time, at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230.

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

There are four items of business scheduled to be voted on at the 2017 Annual Meeting:

- PROPOSAL 1: Election of eight Directors to the Board (the "Election of Directors");
- PROPOSAL 2: To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers (the "Executive Compensation Proposal");
- PROPOSAL 3: To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation (the "Executive Compensation Vote Frequency Proposal"); and
- PROPOSAL 4: To approve an amendment to increase the number of shares of common stock issuable our 2010 Stock Incentive Plan from 302,540 back up to its original reserve of 1,250,000 shares (the "Plan Amendment Proposal").

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.

Ellen M. Cotter and Margaret Cotter have advised our Board of Directors that they currently intend to present at the meeting two stockholder proposals, one, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to nominate Director James J. Cotter, Jr. as a director of the Company to fill the resulting vacancy. Due to the fact that Ellen M. Cotter and Margaret Cotter control 66.9% of our Company's Class B Stock in their capacities as Co-Executors of the Cotter Estate and as Co-Trustees of the Cotter Trust, they have sufficient voting power to pass their proposals without the support of any other holder of our Class B. Stock. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

How does the Board of Directors recommend that I vote?

Our Board recommends that you vote:

- On PROPOSAL 1: "FOR" the election of each of its nominees to the Board;
- On PROPOSAL 2: "FOR" the Executive Compensation Proposal;
- On PROPOSAL 3: "One Year" for the Executive Compensation Vote Frequency Proposal; and
- On PROPOSAL 4: "FOR" the Plan Amendment Proposal.

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

Other than the 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 September 21, 2017. 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 325 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What if I own Class A Nonvoting Common Stock?

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

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

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

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

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

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

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

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

How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the Annual Meeting the opportunity to vote their shares, whether or not they attend the Annual Meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the

Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of record of our Class B Stock may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., local time, on November 6, 2017 (the day before the Annual Meeting).

- By Telephone — Holders of record of our Class B Stock who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of record of our Class B Stock will need to have the control number that appears on their proxy card available when voting. In addition, holders of our Class B Stock who are beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., local time, on November 6, 2017 (the day before the Annual Meeting).

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

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

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

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

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

Shares held of record by a trust. The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record

trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

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

How will my shares be voted if I do not give specific voting instructions?

If you are a stockholder of record and you:

- Indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors; or
- Sign and send in your proxy card and do not indicate how you want to vote, then the proxyholders, S. Craig Tompkins and William D. Gould, will vote your shares in the manner recommended by our Board of Directors as follows: FOR each of the eight nominees for director named below under "Proposal 1: Election of Directors;" FOR the Executive Compensation Proposal; FOR "One Year" on the Executive Compensation Vote Frequency Proposal; FOR approval of the Plan Amendment Proposal, and in the discretion of our proxyholders on such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

What is a broker non-vote?

If your shares are held by a broker on your behalf (that is, in "street name"), and you do not instruct the broker as to how to vote these shares on any "non-routine" proposals included in this Proxy Statement, the broker may not exercise discretion to vote for or against those proposals. This would be a "broker non-vote," and these shares will not be counted as having been voted on the applicable proposal. Applicable rules permit brokers to vote shares held in street name on routine matters. However, all matters contained in this Proxy Statement for submission to a vote of the stockholders are considered "non-routine." Therefore, broker non-votes will have no effect on the vote of the matters included for submission to the vote of the stockholders.

What routine matters will be voted on at the Annual Meeting?

All of the proposals contained in this Proxy Statement are considered non-routine matters. Please instruct your bank or broker so your vote can be counted.

How "withhold authority" and abstain and broker non-votes are counted?

Proxies that are voted to "withhold authority," abstain or for which there is a broker non-vote are included in determining whether a quorum is present. If "withhold authority" or abstain is selected on a matter to be voted on under which approval by a majority of the votes cast by the stockholders entitled to vote present in person or represented by proxy is required (specifically, Proposal 2: the Executive Compensation Proposal, and Proposal 4: the Plan Amendment Proposal), such a selection would not have an effect on the vote, since a selection to "withhold authority" or abstain from casting a vote does not count as a vote cast on that matter. Likewise broker non-votes will have no effect on the vote of the matters included for submission to the vote of the stockholders, since broker non-votes are not counted as a vote cast on that matter.

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 it has been submitted:

- First, you may send a written notice to Reading International, Inc., postage or other delivery charges pre-paid, 5995 Sepulveda Boulevard, Suite 300, Culver City, CA, 90230, c/o Secretary of the Annual Meeting, stating that you revoke your proxy. To be effective, the Inspector of Elections must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How do I vote?" Any earlier proxies will

be revoked automatically.

- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

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

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

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

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, at our corporate offices, 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230 between the hours of 9:00 a.m. and 5:00 p.m., local time, for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Annual Meeting at (213) 235-2240.

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 Securities and Exchange Commission (the "SEC") within four business days following the Annual Meeting.

What is the vote required for a Proposal to pass?

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

Proposal 2 (the Executive Compensation Proposal) requires the "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 to pass. Because your vote is advisory, it will not be binding on the Board of Directors or the Company. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 3 (the Executive Compensation Vote Frequency Proposal) The option receiving the greatest number of votes – every one year, every two years or every three years – will be the frequency that stockholders approve. While your vote is advisory, and will not be binding on the Board of Directors or the Company, the Board has previously determined that it will in fact seek an annual advisory vote on Executive Compensation.

Proposal 4 (the Plan Amendment Proposal) requires the "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 in order to pass.

Only votes "FOR" on Proposal 1 (the Election of Directors) will be counted since directors are elected by plurality vote. The nominees receiving the highest total votes for the number of seats on the Board will be elected as directors. Only votes "FOR" and "AGAINST" will be counted for Proposal 2 (the Executive Compensation Proposal), Proposal 4 (the Plan Amendment Proposal), since abstentions are not counted as votes cast. Only votes for "one year," "two years" or "three years" on Proposal 3 (the Executive Compensation Vote Frequency Proposal) will be counted as votes cast on the matter. Broker non-votes will not apply to any of the matters since the matters voted on by Stockholders are "non-routine" matters that brokers may not vote on unless voting instructions are received from the beneficial holder.

Is my vote kept confidential?

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

How will the Annual Meeting be conducted?

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

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

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

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

CORPORATE GOVERNANCE

Director Leadership Structure

Ellen M. Cotter is our current Chair, President and Chief Executive Officer. Ellen M. Cotter has been with our Company for approximately 20 years, focusing principally on the cinema operations aspects of our business. Historically, except for a brief period immediately following the resignation for health reasons of our founder, Mr. James J. Cotter, Sr., we currently have combined the roles of the Chair and the Chief Executive Officer. At the present time, we believe that the combination of these roles (i) allows for consistent leadership, (ii) continues the tradition of having a Chair and Chief Executive Officer, who is also a member of the Cotter Family (which currently controls over 70% of the voting power of our Company), and also (iii) reflects the reality of our status as a "controlled company" under relevant NASDAQ Listing Rules.

Margaret Cotter is our current Vice-Chair and also serves as our Executive Vice President – Real Estate Management and Development - NYC. Margaret Cotter has been responsible for the operation of our live theaters for more than 18 years and has for more than the past 6 years been leading the re-development of our New York properties.

Ellen M. Cotter has a substantial stake in our business, owning directly 802,903 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 810,284 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen M. Cotter and Margaret Cotter are the Co-Executors of the Cotter Estate and Co-Trustees of the Cotter Trust established for the benefit of his heirs. Together, they have sole or shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock.

Mr. Cotter, Jr., has previously asserted that he has the right to vote the Class B Stock held by the Cotter Trust. However, on August 29, 2017, the Superior Court of the State of California for the County of Los Angeles entered a Tentative Statement of Decision (the "Tentative Ruling") in the matter regarding the Cotter Trust, Case No. BP159755 (the "Trust Litigation") in which it tentatively determined, among other things, that Mr. Cotter, Jr., is not a trustee of the Cotter Trust, and that he has no say in the voting of such Class B Stock. Under the Tentative Ruling, however, Mr. Cotter, Jr., would still succeed to the position of sole trustee of the voting sub-trust to be established under the Cotter Trust to hold the Class B Stock owned by the Cotter Trust (and it is anticipated, the Class B Stock currently held by the Cotter Estate), in the event of the death, disability or resignation of Margaret Cotter from such positon. Under the governing California Rules of Court, the Tentative Statement of Decision does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued.

While the issue of Mr. Cotter, Jr.'s status as a trustee of the Cotter Trust is being finally resolved, the Company continues to believe, as stated in our prior proxy materials, 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 collectively constitute at least a majority of the Co-Trustees of the Cotter Trust. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust (41.4% of the shares of the Class B Stock entitled to vote at the Annual Meeting), 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 at the Annual Meeting.

Ellen M. Cotter and Margaret Cotter have informed the Board that they intend to vote the shares held by the Cotter Trust and the Cotter Estate "FOR" each of the eight nominees named in this Proxy Statement for the Election of Directors under Proposal 1, "FOR" the Executive Compensation Proposal under Proposal 2, "One Year" for the Executive Compensation Vote Frequency Proposal under Proposal 3, and "FOR" the Plan Amendment Proposal under Proposal 4. In addition, Ellen M. Cotter and Margaret Cotter have advised our Board that they currently intend to present at the meeting two stockholder proposals, one, to amend the Company's Bylaws to increase the number of directors to nine (9) directors, and, the second to nominate Director James J. Cotter, Jr. as a director of the Company to fill the resulting vacancy, and that they currently intend to vote the shares held by the Cotter Trust and the Cotter Estate in favor of both stockholder proposals. As a result, passage of each of the proposals is assured. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

The Company has elected to take the "controlled company" exemption under applicable listing rules of the NASDAQ Capital Stock Market (the "NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board of directors composed of at least a majority of independent directors, as that term is defined in the NASDAQ Listing Rules and SEC Rules ("Independent Directors"). We are nevertheless nominating a majority of Independent Directors for election to our Board. We currently have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") composed entirely of Independent Directors. William D. Gould serves as the Lead Independent Director among our Independent Directors ("Lead Independent Director"). In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chair, President and Chief Executive Officer and our Independent Directors. Mr. Gould was recently recognized by the Nevada Supreme Court as an authority in the application of the "business judgment rule" as it relates to decisions of boards of directors in the Court's decision in *Wynn Resorts, Ltd. v. Eighth Judicial District Court*, 133 Nev. Adv. Op, 52, 399 P.2d 334, (Nev. 2017) (the "Wynn Resorts Case"). We also currently have a four-member Executive Committee composed of our Chair and Vice-Chair and Messrs. Guy W. Adams and Edward L. Kane. As a consequence of this structure, the concurrence of at least one non-management member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee and Compensation Committee, each of which has a separate independent Chair. Nominations to our Board for the Annual Meeting were made by our entire Board, consisting of a majority of Independent Directors.

We encourage, but do not require, our Board members to attend our Annual Meeting. All of our nine incumbent Directors attended the 2016 Annual Meeting of Stockholders.

Since our 2015 Annual Meeting of Stockholders, we have (i) adopted a best practices charter for our Compensation Committee, (ii) adopted a new best practices Charter for our Audit Committee, (iii) completed, with the assistance of compensation consultants Willis Towers Watson and outside counsel Greenberg Traurig, LLP, a complete review of our compensation practices, in order to bring them into alignment with current best practices. Last year we adopted a new Code of Business Conduct and Ethics, and a Supplemental Insider Trading Policy restricting trading in our stock by our Directors and executive officers and updated our Whistleblower Policy. Earlier this year, we adopted a Stock Ownership Policy, setting out minimum stock ownership levels for our directors and senior executives.

Management Succession: Appointment of Ellen M. Cotter as our President and Chief Executive Officer.

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

On June 12, 2015, the Board terminated the employment of James 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 established an Executive Search Committee (the "Search Committee") initially composed of Ellen M. Cotter, Margaret Cotter, and Independent Directors William Gould and Douglas McEachern, and retained Korn/Ferry International ("Korn Ferry") to evaluate candidates for the Chief Executive Officer

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

Ellen M. Cotter serves as our President and Chief Executive Officer at the pleasure of our Board and is an employee "at will" with no guaranteed term of employment.

Potential Impact of Trust Litigation Regarding Your Vote.

While our Company is not a party to the Trust Litigation, the rulings of the Superior Court in that case could have a potential material impact upon the control our Company, the future composition of our Board and senior executive management team and our Company's continued pursuit of the Strategic Plan articulated in our various filings with the SEC, at our prior stockholder meetings, and at analyst presentations. To date, the Superior Court has accepted our submissions and allowed us to be involved in the Trust Litigation, so as to provide us an opportunity to address issues of concern to our Company and our stockholders generally. However, no assurances can be given as to the outcome of the Trust Litigation, and we are advised that it is unlikely that we would have standing to pursue an appeal.

In its Tentative Ruling, the Superior Court invalidated the amendment to the Cotter Trust signed by Mr. Cotter, Sr., on June 19, 2014 (the "2014 Amendment") and stated the Superior Court's determination to appoint a temporary trustee ad litem to obtain offers for the Class B Stock held by the Cotter Trust. Under the governing California Rules of Court, the Tentative Ruling does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued.

As to the invalidation of the 2014 Amendment, as mentioned above, if the Tentative Ruling becomes final, Mr. Cotter, Jr.'s claim that he has any right, power or authority to vote the approximately 41.4% of the Class B Stock held by the Cotter Trust will be resolved by placing sole voting control in the hands of Margaret Cotter over the voting trust (the "Cotter Voting Trust") to be established under the Cotter Trust to hold the Class B Stock currently held by the Cotter Trust and, it is anticipated, the approximately 25.5% of the Class B Stock currently held by the Cotter Estate. It will also invalidate the provision of the 2014 Amendment requiring the Trustee of the Cotter Voting Trust to vote to elect Mr. Cotter, Jr. to our Company's Board.

As discussed in more detail below, our Board did not re-nominate Mr. Cotter, Jr., for election to our Board, and has instead reduced the size of our Board from nine (9) to eight (8) members, effective upon completion of the election at our upcoming Annual Meeting. Due to (1) the uncertainty due to the tentative nature of the ruling as to whether or not Ellen M. Cotter and Margaret Cotter, acting as Trustees of the Cotter Trust, would be required to seek appointment of Mr. Cotter, Jr., to the Board, (2) the lack of sufficient time to complete reasonable due diligence on potential candidates for such position, and (3) the difficulty in recruiting potential candidates due to Mr. Cotter, Jr.'s proclivity to sue new directors, the determination was made not to attempt to recruit a new director to our Board at this time, and, instead, the Board reduced the size of our Board from nine (9) members to (8) members effective as of completion of the vote on the election of our Board at our upcoming Annual Meeting.

Ellen M. Cotter and Margaret Cotter have informed our Board that Mr. Cotter, Jr., is taking the position that under the 2014 Amendment, they are obligated to vote to elect him to our Board, even though he has not been nominated by our Board. As also noted above, the California Court has tentatively found the 2014 Amendment to be invalid. However, as that ruling is at this point in time only tentative and not binding on the parties or the Superior Court, Ellen M. Cotter and Margaret Cotter have advised our Board that, unless further action is taken by the Superior Court, they currently intend to present at the meeting two stockholder proposals, the first, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to nominate Director Mr. Cotter, Jr. as a director of the Company to fill the resulting vacancy. Ellen M. Cotter and Margaret Cotter have further advised that they are not recommending the amendment of the Bylaw or the election of Mr. Cotter, Jr., to any other stockholder and that they will not be soliciting proxies in support of such proposals. However, as they control 66.9% of our Class B Stock in their capacities as Co-Executors and Co-Trustees, they have sufficient voting power to amend the Bylaws and to elect Mr. Cotter, Jr., to our Board without the support of any other holder of our Class B Stock. If for

some reason, the size of the Board were not to be increased from 8 to 9 members, then Ellen M. Cotter and Margaret Cotter would still have the power to unilaterally elect Mr. Cotter, Jr., to the Board with the result that one of the eight individuals nominated by the Board would not be elected. However, our Board does not believe that this result is likely.

As to the appointment of a trustee ad litem, under the Tentative Ruling, the trustee ad litem would have no right, power or authority to effect, or to bind the Cotter Trust to effect, any sale of the Class B Stock held by the Cotter Trust. As we are advised by counsel that a court hearing would be required before any binding agreement to sell such shares could be entered into, we do not anticipate that any material change in the holdings of the Class B Stock held by the Cotter Trust will occur prior to our 2017 Annual Meeting, if ever. We are advised by Ellen M. Cotter and Margaret Cotter that, if there is a sale of the Class B Stock held by the Cotter Trust, they intend to be the buyers of such shares.

As previously announced, on August 7, 2017, our Board of Directors appointed a Special Independent Committee to, among other things, review, consider, deliberate, investigate, analyze, explore, evaluate, monitor and exercise general oversight of any and all activities of our Company directly or indirectly involving, responding to or relating to any potential change of control transaction relating to a sale by the Cotter Trust of its holdings of Class B Stock. The Special Independent Committee will be reviewing the scope and implications of the Tentative Ruling and, consistent with its delegated authority, working to protect the best interests of our Company and stockholders in general. Directors Judy Codding, William Gould and Douglas McEachern have been appointed to serve on this Special Independent Committee.

Board's Role in Risk Oversight

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

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

"Controlled Company" Status

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

After reviewing the benefits and detriments of taking advantage of the exemptions to certain corporate governance rules available to a "controlled company" as set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of those exemptions. In reliance on a "controlled company" exemption, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a Board composed of a majority of Independent Directors, a fully independent Audit Committee, and a fully independent Compensation Committee, and has no present intention to vary from that structure. Our Board, consisting of a majority of Independent Directors, approved each of the nominees for our 2017 Annual Meeting. See "*Consideration and Selection of the Board's Director Nominees*," below.

Board Committees

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

Executive Committee. Our Executive Committee operates pursuant to a resolution adopted by our Board and is currently composed of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Guy W. Adams and Edward L. Kane. Pursuant to that resolution, 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 five meetings during 2016.

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

Our Board has determined that the Audit Committee is composed entirely of Independent Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. Douglas McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently composed of Mr. McEachern, who serves as Chair, Mr. Edward L. Kane and Mr. Michael Wrotniak. The Audit Committee held twelve meetings during 2016.

Compensation Committee. Our Board has established a standing Compensation Committee consisting of three of our Independent Directors, and is currently composed of Mr. Edward L. Kane, who serves as Chair, Dr. Judy Codding and Mr. Douglas McEachern. Mr. Adams served through May 14, 2016. As a controlled company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by Independent Directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules and regulations of the SEC and the NASDAQ Stock Market. As a part of the transition to this new compensation committee structure, the compensation for 2016 of the President, Chief Executive Officer, all Executive Vice Presidents, all Vice Presidents and all Managing Directors was reviewed and approved by the Board at that March 10, 2016 meeting.

The Compensation Committee charter is available on our website at http://www.readingrdi.com/charter-of-our-compensation-stock-options-committee/. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer. Under its Charter, the Compensation Committee has delegated authority to establish the compensation for all executive officers other than the President and Chief Executive Officer; provided that compensation decisions related to members of the Cotter Family remain vested in the full Board. In addition, the Compensation Committee establishes the Company's general compensation philosophy and objectives (in consultation with management), approves and adopts on behalf of the Board incentive compensation and equity-based compensation plans, subject to stockholder approval as required, and performs other compensation related functions as delegated by our Board. The Compensation Committee held six meetings during 2016.

Consideration and Selection of the Board's Director Nominees

The Company has elected to take the "controlled company" exemption under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved each of the Board nominees for our 2017 Annual Meeting.

Our Board does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No non-Director stockholder has, in more than the past ten years, made any formal proposal or recommendation to the Board as to potential

nominees. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board directly by our stockholders. In light of the facts that (i) we are a controlled company under the NASDAQ Listing Rules and exempted from the requirements for an independent nominating process, and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board believes there is no need for a formal policy with respect to Director nominations.

Our Board will consider nominations from our stockholders, provided written notice is delivered to the Secretary of the Annual Meeting at our principal executive offices identifying any such suggested candidate not less than 120 days prior to the first anniversary of the date that this Proxy Statement is sent to stockholders, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved more than 30 days from the anniversary of the 2017 Annual Meeting. Absent that, stockholders wishing to nominate persons to the Board must do so by other means, such as nominating such persons at the stockholders' meeting. At the present time, we intend to hold our 2018 Annual Meeting in June 2018. Consequently, any stockholder wishing to suggest a candidate for consideration should plan to provide notice identifying such candidate by the end of January 2018. Such written notice should set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board.

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

Following a review of the experience and overall qualifications of the Director candidates, on September 21, 2017, our Board resolved to nominate, each of the incumbent Directors named in Proposal 1 for election as Directors of the Company at our 2017 Annual Meeting. Eight nominees were approved, excluding Director James J. Cotter, Jr.

Each of the nominees named in Proposal 1 received at least seven (7) Yes votes, with each such nominee abstaining as to his or her nomination.

After selecting the nominees named in Proposal 1, our Board then reduced the size of our Board from nine (9) members to (8) members effective as of completion of the vote on the election of our Board at our upcoming Annual Meeting.

Having been informed that Ellen M. Cotter and Margaret Cotter currently intend to bring stockholder proposals to amend the Bylaws to increase the Board back to nine persons and to nominate James J. Cotter, Jr. to the Board, each of the Board members other than the Cotter family members continue to believe that Mr. Cotter, Jr. should not be a director, but acknowledge that the combined voting power of the Cotter Trust and the Cotter Estate will assure that the Bylaws amendment will be approved and that Mr. Cotter, Jr. will be elected. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code of Conduct") designed to help our Directors and employees resolve ethical issues. Our Code of Conduct 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 Conduct is posted on our website at http://www.readingrdi.com/reading-international-code-of-ethics.

The Board has established a means for employees to report a violation or suspected violation of the Code of Conduct anonymously. In addition, we have adopted an "Amended and Restated Whistleblower Policy and Procedures," which is posted on our website, at http://www.readingrdi.com/amended-and-restated-whistleblower-policy-and-procedures, that establishes a process by which employees may anonymously disclose to our Principal Compliance Officer (currently the Chair of our Audit Committee) alleged fraud or violations of accounting, internal accounting controls or auditing matters.

Review, Approval or Ratification of Transactions with Related Persons

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

Material Legal Proceedings Involving Claims Against our Directors and Certain Executive Officers

On June 12, 2015, the Board of Directors terminated James J. Cotter, Jr. as the President and Chief Executive Officer of our Company. That same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "*James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al.*" Case No,: A-15-719860-V, Dept. XI, against our Company and each of our then sitting Directors (Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Tim Storey) in the Eighth Judicial District Court of the State of Nevada for Clark County (the "Nevada District Court"). Since that date, our Company has been engaged in ongoing litigation with Mr. Cotter, Jr. with respect to his claims against our Directors. Mr. Cotter, Jr. has over this period of time twice amended his complaint, removing his individual claims and withdrawing his claims against Tim Storey (but reserving the right to reinstitute such claims), adding claims relating to actions taken by our Board since the filing of his original complaint and adding as defendants two of our directors who were not on our Board at the time of his termination: Judy Codding and Michael Wrotniak. Mr. Cotter, Jr.'s lawsuit, as amended from time to time, is referred to herein as the "Cotter Jr. Derivative Action" and his complaint, as amended from time to time, is referred to herein as the "Cotter Jr. Derivative Complaint." The defendant directors named in the Cotter Jr. Derivative Complaint, from time to time, are referred to herein as the "Defendant Directors."

The Cotter Jr. Derivative Complaint alleges among other things, that the Defendant Directors breached their fiduciary duties to the Company by terminating Mr. Cotter, Jr. as President and Chief Executive Officer, continuing to make use of the Executive Committee that has been in place for more than the past ten years (but which no longer includes Mr. Cotter, Jr. as a member), making allegedly potentially misleading statements in our Company's press releases and filings with the SEC, paying certain compensation to Ellen Cotter, allowing the Cotter Estate to make use of Class A Common Stock to pay for the exercise of certain long

outstanding stock options to acquire 100,000 shares of Class B Common Stock held of record by the Cotter Estate and determined by the Nevada District Court to be assets of the Cotter Estate, and allowing Ellen Cotter and Margaret Cotter to vote the 100,000 shares of Class B Common Stock issued upon the exercise of such options, appointing Ellen Cotter as President and Chief Executive Officer, appointing Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC, and the way in which the Board handled an unsolicited indication of interest made by a third party to acquire all of the stock of our Company. In the lawsuit, Mr. Cotter, Jr. seeks reinstatement as President and Chief Executive Officer, a declaration that Ellen Cotter and Margaret Cotter may not vote the above referenced 100,000 shares of Class B Stock, and alleges as damages fluctuations in the price for our Company's shares after the announcement of his termination as President and Chief Executive Officer and certain unspecified damages to our Company's reputation.

In addition, our Company is in arbitration with Mr. Cotter, Jr. (Reading International, Inc. v. James J. Cotter, AAA Case No. 01-15-0004-2384, filed July 2015) (the "Cotter Jr. Employment Arbitration") seeking declaratory relief and defending claims asserted by Mr. Cotter, Jr. On January 20, 2017, Mr. Cotter Jr. filed a First Amended Counter-Complaint which includes claims of breach of contract, contractual indemnification, retaliation, wrongful termination in violation of California Labor Code § 1102.5, wrongful discharge, and violations of California Code of Procedure § 1060 based on allegations of unlawful and unfair conduct. Mr. Cotter, Jr. seeks compensatory damages estimated by his counsel at more than $1.2 million, plus unquantified special and punitive damages, penalties, interest and attorney's fees. On April 9, 2017, the Arbitrator granted without leave to amend the Company's motion to dismiss Mr. Cotter, Jr.'s claims for retaliation, violation of labor code §1102.5 and wrongful discharge in violation of public policy.

Mr. Cotter, Jr. also brought a direct action in the Nevada District Court (*James J. Cotter, Jr. v. Reading International, Inc., a Nevada corporation; Does 1-100 and Roe Entities, 1-100, inclusive, Case No. A-16-735305-B*) seeking advancement of attorney's fees incurred in the Cotter Jr. Employment Arbitration. Summary judgment was entered against Mr. Cotter, Jr. with respect to that direct action on October 3, 2016.

For a period of approximately 12 months, between August 6, 2015 and August 4, 2016, our Company and our directors other than Mr. Cotter, Jr. were subject to a derivative lawsuit filed in the Nevada District Court captioned T2 Partners Management, LP, a Delaware limited partnership, doing business as Kase Capital Management; T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company, Pacific Capital Management, LLC, a Delaware limited liability company (the "T2 Plaintiffs"), derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a Nevada corporation, as Nominal Defendant. That complaint was subsequently amended (as amended the "T2 Derivative Complaint") to add as defendants Directors Judy Codding and Michael Wrotniak (collectively with the directors initially named the "T2 Defendant Directors") and S. Craig Tompkins, our Company's legal counsel (collectively with the T2 Defendant Directors, the "T2 Defendants"). The T2 Derivative Action was settled pursuant to a Settlement Agreement between the parties dated August 4, 2016, which as modified was approved by the Nevada District Court on October 6, 2016. The District Court's Order provided for the dismissal with prejudice of all claims contained in the T2 Plaintiffs' First Amended Complaint and provide that each side would be responsible for its own attorneys' fees.

In the joint press release issued by our Company and the T2 Plaintiffs on July 13, 2016, representatives of the T2 Plaintiffs stated as follows: *"We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long-term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family-or entities they control-have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."*

The T2 Plaintiffs alleged in their T2 Derivative Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the T2 Defendant

Directors. More specifically the T2 Derivative Complaint sought the reinstatement of James J. Cotter, Jr. as President and Chief Executive Officer, an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held by the Cotter Estate and the Cotter Trust, and certain monetary damages, as well as equitable injunctive relief, attorney fees and costs of suit. In May 2016, the T2 Plaintiffs unsuccessfully sought a preliminary injunction (1) enjoining the Inspector of Elections from counting at our 2016 Annual Meeting of Stockholders any proxies purporting to vote either the 327,808 Class B shares held of record by the Cotter Estate or the 696,080 Class B shares held of record by the Cotter Trust, and (2) enjoining Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. from voting the above referenced shares at the 2016 Annual Meeting of Stockholders. This request for preliminary injunctive relief was denied by the Nevada District Court after a hearing on May 26, 2016.

On September 15, 2016, Mr. Cotter, Jr. filed a writ with the Nevada Supreme Court seeking a determination that the Nevada District Court erred in its determination that, by communicating his thoughts about the Cotter Jr. Derivative Action with counsel for the T2 Plaintiffs without any confidentiality or joint representation agreement, Mr. Cotter, Jr's counsel waived any attorney work product privilege that might otherwise have been applicable to such communication. Our Company is of the view that any privilege was waived by the unprotected communication of such thoughts to a third party such as counsel to the T2 Plaintiffs. On March 23, 2017, the Nevada Supreme Court set oral argument on the matter for the next available calendar.

On February 14, 2017, we filed a writ with the Nevada Supreme Court seeking a determination that the Nevada District Court erred in its decision to allow Mr. Cotter, Jr. access to certain communications between the Defendant Directors and Company counsel, which the Defendant Directors and our Company believe to be subject to the attorney-client communication privilege. Specifically, our writ asks the Nevada Supreme Court to determine whether the fact that the Defendant Directors are relying upon the Nevada business judgment rule constitutes, in whole or in part, a waiver of the attorney-client privilege held by us.

Our request was substantially mooted by the decision in July 2017 in the Wynn Resorts Case, in which similar issues were considered. In that case, the Nevada Supreme Court stated:

> Accordingly, we reiterate that the business judgment rule goes beyond shielding directors from personal liability in decision-making. Rather, it also ensures that courts defer to the business judgment of corporate executives and prevents courts from "substitute[ing] [their] own notions of what is or is not sound business judgment," if "the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." [Citations omitted]

And,

> We agree that "it is the existence of legal advice that is material to the question of whether the board acted with due care, not the substance of that advice." Accordingly, the district court erred when it compelled Wynn Resorts to produce any attorney client privileged . . . documents on the basis that Wynn Resorts waive the attorney-client privilege of those documents by claiming the business judgment rule as a defense. [Citations omitted].

On September 18, 2017, in light of the decision by the Nevada Supreme Court in the Wynn Resorts Case, the Nevada District Court ruled that the attorney-client communications privilege applicable to advice given by company counsel to directors of the Company was not waived by the fact that the directors may have disclosed that, in the execution of their obligations as directors, they obtained advice of counsel, and that while the fact that such advice was received may be relevant to whether or not a director had meet his or her duties of care, the substance of such advice nevertheless continued to be protected by the attorney-client communications privilege. The Nevada District Court further noted that such privilege belonged to the Company, and could not be waived by individual directors. Accordingly, the Nevada District Court denied Mr. Cotter, Jr.'s motion to discover advice given by Company counsel to the Defendant Directors.

With the resolution of this issue, the Company believes that the remaining discovery is very limited and that it is likely that the Cotter Jr. Derivative Action will be tried beginning in the first quarter of next year.

The Cotter Jr. Employment Arbitration is in the discovery phase.

Our Company is and was legally obligated to cover the costs and expenses incurred by our Defendant Directors in defending the Cotter Jr. Derivative Action and the T2 Derivative Action. Furthermore, although in a derivative action, the stockholder plaintiff seeks damages or other relief for the benefit of our Company, and not for the stockholder plaintiff's individual benefit and, accordingly, we are, at least in theory, only a nominal defendant, as a practical matter, because Mr. Cotter, Jr. is also seeking, among other things, an order that our Board's determination to terminate Mr. Cotter, Jr. was ineffective and that he be reinstated as the President and Chief Executive Officer of our Company and also limiting the use of our Board's Executive Committee, and as he asserts potentially misleading statements in certain press releases and filings with the SEC, our Company is also incurring on its own account significant cost and expense defending the decision to terminate Mr. Cotter, Jr. as President and Chief Executive Officer, its board committee structure, and the adequacy of those press releases and filings, in addition to its costs incurred in responding to discovery demands and satisfying indemnity obligations to the

Defendant Directors. Likewise, in connection with the T2 Derivative Action, our Company incurred substantial costs defending claims related to the defense of claims relating to the termination of Mr. Cotter, Jr., opposing his reinstatement, and defending the conduct of its annual meetings. Cost incurred in the Cotter Jr. Employment Arbitration and in the defense of the Cotter Jr. Attorney's fees case were direct costs of our Company.

The Directors and Officer's Insurance Policy, in the amount of $10 million, being used to cover a portion of the costs of defending the Cotter Jr. Derivative Action, has been exhausted. We are now covering the defense costs of the Defendant Directors, in addition to our own costs incurred in connection with the Cotter Jr. Derivative Action.

On August 7, 2017, our Board appointed a Special Independent Committee to, among other things, review, consider, deliberate, investigate, analyze, explore, evaluate, monitor and exercise general oversight of any and all activities of the Company directly or indirectly involving, responding to or relating to the Cotter Jr. Derivative Action, the Cotter Jr. Employment Arbitration and any other litigation or arbitration matters involving any one or more of Ellen Cotter, Margaret Cotter, James J. Cotter, Jr., the Cotter Estate and/or the Cotter Trust. See "Board Committees—Special Independent Committee," above.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Eight Directors are to be elected at our Annual Meeting to serve until the Annual Meeting of Stockholders to be held in 2018 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxyholders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The eight nominees for election to the Board who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. The nominees named have consented to serve if elected.

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

Name	Age	Position
Ellen M. Cotter	51	Chairperson of the Board and Chief Executive Officer and President (1)
Guy W. Adams	65	Director (1)
Judy Codding	71	Director (2)
Margaret Cotter	49	Vice Chairperson of the Board and Executive Vice President-Real Estate Management and Development-NYC (1)
William D. Gould	78	Director (3)
Edward L. Kane	79	Director (1) (2) (4)
Douglas J. McEachern	65	Director (2) (4)
Michael Wrotniak	50	Director (4)

(1) Member of the Executive Committee.

(2) Member of the Compensation Committee.

(3) Lead Independent Director.

(4) Member of the Audit Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of our Board of Directors since March 13, 2013, and currently serves as a member of our Executive Committee. Ms. Cotter was appointed Chairperson of our Board on August 7, 2014 and served as our interim President and Chief Executive Officer from June 12, 2015 until January 8, 2016, when she was appointed our

permanent President and Chief Executive Officer. She joined the Company in March 1998. Ms. Cotter is also a director of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer and marketer). Ms. Cotter is a graduate of Smith College and holds a Juris Doctor from Georgetown University Law Center. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in New York City. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. Prior to being appointed as our President and Chief Executive Officer, Ms. Cotter served for more than ten years as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she had, among other things, responsibility for the acquisition and development, marketing and operation of our cinemas in

the United States. Prior to her appointment as COO of Domestic Cinemas, she spent a year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of her father's estate, which is the record owner of 297,070 shares of Class A Stock and 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is a Co-Trustee of the James J. Cotter Foundation (the "Cotter Foundation"), which is the record holder of 102,751 shares of Class A Stock and Co-Trustee of the James J. Cotter, Sr. Trust (the "Cotter Trust"), which is the record owner of 1,897,649 shares of Class A Stock and 696,080 shares of Class B Stock (representing an additional 41.4% of such Class B Stock). Ms. Cotter also holds various positions in her family's agricultural enterprises.

Ms. Cotter brings to our Board her nineteen years of experience working in our Company's cinema operations, both in the United States and Australia. 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 802,903 shares of Class A Stock and 50,000 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the Cotter Trust and the Cotter Foundation, Ms. Cotter is a significant stakeholder in our Company. Ms. Cotter is well recognized in and a valuable liaison to the film industry. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at the 2015 Gotham Independent Film Awards. She was also inducted that same year into the Show East Hall of Fame.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014, and currently serves as the chair of our Executive Committee. For more than the past eleven years, he has been a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Over the past sixteen years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. At these companies, he has held a variety of board positions, including lead director, audit committee chair and compensation committee chair. He has spoken on corporate governance topics before such groups as the Council of Institutional Investors, the USC Corporate Governance Summit and the University of Delaware Distinguished Speakers Program. Mr. Adams provides investment advice to private clients and currently invests his own capital in public and private equity transactions. He served as an advisor to James J. Cotter, Sr. and continues to provide professional advisory services to various enterprises now owned by either the Cotter Estate or the Cotter Trust. Mr. Adams also provides services to two captive insurance companies owned in equal shares by Ellen M. Cotter, James J. Cotter, Jr. and Margaret Cotter. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

Dr. Judy Codding. Dr. Judy Codding has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Codding is a globally respected education leader. From October 2010 until October 2015, she served as the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE: PSO), the largest education company in the world that provides education products and services to institutions, governments and to individual learners. Prior to that time, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998, and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading education company offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate in Education from University of Massachusetts at Amherst and completed postdoctoral work and served as a teaching associate in Education at Harvard University where she taught graduate level courses

focused on moral leadership. Dr. Codding has served on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (since 2011) and the Board of Trustees of Educational Development Center, Inc. since 2012. Through family entities, Dr. Codding has been and continues to be involved in the real estate business in Florida and the exploration of mineral, oil and gas rights in Maryland and Kentucky.

Dr. Codding brings to our Board her experience as an entrepreneur, as an author, advisor and researcher in the areas of leadership training and decision-making as well as her experience in the real estate business.

Margaret Cotter. Margaret Cotter has been a Director of our Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board and currently serves as a member of our Executive Committee. On March 10, 2016, our Board appointed Ms. Cotter as Executive Vice President-Real Estate Management and Development-NYC, and Ms. Cotter became a full time employee of our Company. In this position, Ms. Cotter is responsible for the management of our live theater properties and operations, including the oversight of the day to day development process of our Union Square and Cinemas 1, 2, 3 properties. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which, from 2002 until her appointment as Executive Vice President – Real Estate Management and Development-NYC, managed our live-theater operations under a management agreement and provided management and various services regarding the development of our New York theater and cinema properties. Pursuant to the OBI management agreement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. The OBI management agreement was terminated with Ms. Cotter's appointment as Executive Vice President-Real Estate Management and Development-NYC. See *Certain Relationships and Related Transactions*, and *Director Independence*, below for more information about the services provided by OBI. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and in May 2017 due to other commitments stepped down as a long time board member of the League of Off-Broadway Theaters and Producers. She is a director of Cecelia Packing Corporation. 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 297,070 shares of Class A Stock and 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 1,897,649 shares of Class A Stock and 696,080 shares of Class B Voting Common Stock (representing an additional 41.4% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Foundation, which is the record holder of 102,751 shares of Class A Stock and of the James. J. Cotter Grandchildren's Trust which is the record holder of 274,390 shares of Class A Stock. Ms. Cotter also holds various positions in her family's agricultural enterprises.

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, and in New York and Chicago real estate matters. Operating and the daily oversight of our theater properties for over 18 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 810,284 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 Cotter Trust, the Cotter Foundation, and the James J. Cotter Grandchildren's Trust, Ms. Cotter is a significant stakeholder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004, and currently serves as our Lead Independent Director. Mr. Gould has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees payable to Mr. Gould's law firm for calendar year 2016 were $1,088. Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions. Mr. Gould brings to our Board more than fifty years of experience as a corporate lawyer and advisor focusing on corporate governance, mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the chair of our Compensation Committee, and until its functions were moved to the Audit Committee in May, 2016, as chair of our Tax Oversight Committee. He also serves as a member of our Executive Committee and our Audit Committee. Mr. Kane practiced as a tax attorney for many years in New York and in California. Since 1996, Mr. Kane has acted as a consultant and advisor to the health care industry. During the 1990s, Mr. Kane also served as the Chairman and CEO of ASMG

Outpatient Surgical Centers in Southern California, and he served as a director of BDI Investment Corp., which was a regulated investment company, based in San Diego. For over a decade, he was the Chairman of Kane Miller Books, an award-winning publisher of children's books. At various times during the past three decades, Mr. Kane has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

In addition to his varied business experience, Mr. Kane brings to our Board his many years as a tax attorney and law professor. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as his experience as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a Director of our Company since May 17, 2012. Mr. McEachern currently serves as the Chair of our Audit Committee, a position he has held since August 1, 2012 and as a member of our Compensation Committee, since May 14, 2016. He has served as a member of the board and of the audit and compensation committees for Willdan Group, a NASDAQ listed engineering company, since 2009. From June 2011 until October 2015, Mr. McEachern was a director of Community Bank in Pasadena, California and a member of its audit committee. Mr. McEachern served as the chair of the board of Community Bank from October 2013 until October 2015. He also is a member of the finance committee of the Methodist Hospital of Arcadia. From September 2009 to December 2015, Mr. McEachern served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte & Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to our Board his more than 39 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Michael Wrotniak. Michael Wrotniak has been a Director of our Company since October 12, 2015, and has served as a member of our Audit Committee since October 25, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S. in Business Administration (cum laude).

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

Please see footnote 13 of the Beneficial Ownership of Securities table for additional information regarding the Cotter Trust and the election of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to the Board.

Attendance at Board and Committee Meetings

During the year ended December 31, 2016, our Board met eleven times. The Audit Committee held eleven meetings, the Compensation Committee held seven meetings, the Executive Committee met five times and the CEO Search Committee met once. 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 and employees, as well as certain of the Directors and senior officers and employees 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 2016, we paid our non-employee Directors $50,000 per year. We paid the Chair of our Audit Committee an additional $20,000 per year, the Chair of our Compensation Committee an additional $15,000 per year, the Executive Committee Chair an additional $20,000 per year and the Lead Independent Director an additional $10,000 per year.

In March 2016, the Board approved additional special compensation to be paid for extraordinary services to the Company and devotion of time in providing such services, as follows:

Guy W. Adams:	$50,000
Edward L. Kane:	$10,000
Douglas J. McEachern:	$10,000

In January, 2016, each of our then non-employee Directors received an annual grant of stock options to purchase 2,000 shares of our Class A Stock. The options awarded have a term of five years, an exercise price equal to the market price of Class A Stock on the grant date and were fully vested immediately upon grant. As discussed below, our outside director compensation was changed for the remainder of 2016 and the years thereafter. See "*2016 and Future Director Compensation*," below.

Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2016 for their services as Directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Judy Codding	55,000 (3)	60,000	0	115,000
James J. Cotter, Jr.	44,492 (4)	60,000	0	104,492
Margaret Cotter (2)	11,058 (5)	0	0	11,058
Guy W. Adams	121,250 (6)	60,000	0	181,250
William D. Gould	60,000 (7)	60,000	0	120,000
Edward L. Kane	90,000 (8)	60,000	0	150,000
Douglas J. McEachern	83,750 (9)	60,000	0	143,750
Michael Wrotniak	57,500 (10)	60,000	0	117,500

(1) Fair value of the award computed in accordance with FASB ASC Topic 718.

(2) Until March 10, 2016, in addition to her Director's fees, Ms. Margaret Cotter received a combination of fixed and incentive management fees under the OBI management agreement described under the caption "*Certain Transactions and Related Party Transactions* - OBI Management Agreement," below. Upon her appointment as EVP, Real Estate Management and Development – NYC, she ceased to receive compensation for her services as a director.

(3) Represents payment of Base Director Fee of $50,000 and a Compensation Committee Member Fee of $5,000.

(4) Represents payment of Base Director Fee of $50,000 less amounts related to expenses that were owed to Company.

(5) Represents payment of prorated Base Director Fee for the 2016 First Quarter.

(6) Represents payment of Base Director Fee of $50,000, Executive Committee Chairman Fee of $20,000 and a one-time payment of $50,000 for extraordinary services and unusual time demands. The amount also includes a prorated Compensation Committee Member Fee of $1,250 for the 2016 First Quarter.

(7) Represents payment of Base Director Fee of $50,000 and Lead Independent Member Fee of $10,000.

(8) Represents payment of Base Director Fee of $50,000, Audit Committee Member Fee of $7,500, Compensation Committee Chairman Fee of $15,000, Executive Committee Member Fee of $7,500 and a one-time payment of

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$10,000 for extraordinary services and unusual time demands.

(9) Represents payment of Base Director Fee of $50,000, Audit Committee Chairman Fee of $20,000 and a one-time payment of $10,000. The amount also includes a prorated Compensation Committee Member Fee of $3,750 for the 2016 Second, Third and Fourth Quarters.

(10) Represents payment of Base Director Fee of $50,000 and Audit Committee Member Fee of $7,500.

2016 and Future Director Compensation

As discussed below in "*Compensation Discussion and Analysis*," the Executive Committee of our Board, upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on our legal counsel, Greenberg Traurig, LLP.

The process followed by our Compensation Committee was similar to that in scope and approach used by the Compensation Committee in considering executive compensation. Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified "Compensation Discussion and Analysis"). Willis Towers Watson's key findings were:

- Our annual Board retainer was slightly above the 50th percentile while the total cash compensation paid to outside Directors was close to the 25th percentile.
- Due to our minimal annual Director equity grants, total direct compensation to our outside Directors was the lowest among the peer group.
- We should consider increasing our committee cash compensation and annual Director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by our Compensation Committee, Willis Towers Watson and legal counsel over the course of our Compensation Committee meetings. Among other things, our Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding Director retainer fees and equity awards for Directors. Following discussion, our Compensation Committee recommended and our Board authorized that:

- The Board retainer currently paid to outside Directors will not be changed.
- The committee chair retainers will be increased to $20,000 for our Audit Committee and our Executive Committee and $15,000 for our Compensation Committee.
- The committee member fees will be $7,500 for our Audit and Executive Committees and $5,000 for our Compensation Committee.
- The Lead Independent Director fee will be increased to $10,000.
- The annual equity award value to Directors will be $60,000 as a fixed dollar value based on the closing price on the date of the grant and, that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- Our Board also approved additional special compensation to be paid to certain directors for extraordinary services provided to us and devotion of time in providing such services as follows:
    - Guy W. Adams, $50,000
    - Edward L. Kane, $10,000
    - Douglas J. McEachern, $10,000

Our Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

Vote Required

The eight nominees receiving the greatest number of votes cast at the Annual Meeting JA5551

will be elected to the Board.

The Board has nominated each of the nominees discussed above to hold office until the 2018 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. The Board has no reason to believe that any nominee will be unable or to serve and all nominees named have consented to serve if elected.

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 eight nominees named in this Proxy Statement for election to the Board discussed under Proposal 1 (the Election of Directors).

Recommendation of the Board

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

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires that our stockholders have the opportunity to cast a non-binding, advisory vote regarding the approval of the compensation of our "named executive officers" as disclosed in this Proxy Statement. A description of the compensation paid to these individuals is set out below under the heading, "Executive Compensation."

We believe that the compensation policies for the named executive officers are designed to attract, motivate and retain talented executive officers and are aligned with the long-term interests of our stockholders. This advisory stockholder vote, commonly referred to as a "say-on-pay" vote, gives you as a stockholder the opportunity to approve or not approve the compensation of the named executive officers that is disclosed in this Proxy Statement by voting for or against the following resolution (or by abstaining with respect to the resolution).

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.

This vote is advisory in nature and therefore is not binding on either our Board or us. However, the Compensation Committee will take into account the outcome of the stockholder vote on this proposal when considering future executive compensation arrangements. Furthermore, this vote is not intended to address any specific item of compensation, but rather the overall compensation of our "named executive officers" and our general compensation policies and practices.

Vote Required

The approval of this proposal requires the number of votes cast in favor of this proposal to exceed the number of votes cast in opposition to this proposal.

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 advisory vote on the "say on pay" for our "named executive officers" discussed under Proposal 2 (the Executive Compensation Proposal).

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS.

PROPOSAL 3: ADVISORY VOTE ON THE FREQUENCY OF VOTES ON

EXECUTIVE COMPENSATION

The Dodd-Frank Act requires our stockholders to have the opportunity to cast a non-binding, advisory vote regarding how frequently we should conduct a say-on-pay vote (similar to Proposal 2 above). At our 2011 Annual Meeting of stockholders, our stockholders voted to hold an advisory vote on executive compensation every three years. Accordingly, we have subsequently submitted say-on-pay proposals on executive compensation every three years at our annual meetings.

We are required to hold a vote on the frequency of say-on-pay proposals every six years. As a result, we are again asking you to vote on whether you would prefer an advisory vote every one, two or three years or you may abstain. The Board has determined that an advisory vote on executive compensation every year is the best approach for the Company. This recommendation is based on a number of considerations, including the following:

- Our Company has implemented a number of corporate governance best practices and this recommendation is in keeping with that direction; and
- An annual cycle will provide stockholders the opportunity to make a non-binding vote on our executive compensation, rather than the previous three year cycle.

Vote Required

The option receiving the greatest number of votes (every one, two or three years) will be considered the frequency approved by stockholders. Although the vote is non-binding, the Board will take into account the outcome of the vote when making future decisions about the frequency for holding an advisory vote on executive compensation.

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 conducting the Advisory Vote on Executive Compensation every year.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE TO CONDUCT AN ADVISORY VOTE ON EXECUTIVE COMPENSATION EVERY YEAR.

PROPOSAL 4: APPROVAL OF AN AMENDMENT TO INCREASE THE NUMBER OF SHARES OF COMMON STOCK ISSUABLE UNDER THE COMPANY'S 2010 STOCK INCENTIVE PLAN

General

At the Annual Meeting, the stockholders will be asked to approve an amendment to the 2010 Stock Incentive Plan (the "2010 Plan") to increase the number of shares of Common Stock reserved for issuance under the 2010 Plan by an additional 947,460 shares to bring our authorization back up to the original 1,250,000 share authorization.

As of September 30, 2017, there were 302,540 shares authorized for issuance under the 2010 Plan and available for future grants or awards. The purpose of the amendment is to ensure that we will continue to have a sufficient reserve of Common Stock available under the 2010 Plan and will be able to maintain our equity incentive compensation program. Subject to the approval of stockholders, our Board adopted the amendment to the 2010 Plan on March 2, 2017, to increase the number of shares of Common Stock available for issuance under the 2010 Plan by 947,460 shares to bring our authorization back up to the original 1,250,000 share authorization.

We strongly believe that the approval of the amendment to the 2010 Plan is essential to our continued success. Our Board and management believe that equity awards motivate high levels of performance, align the interests of our employees and stockholders by giving directors, employees and consultants the perspective of owners with an equity stake in our Company, and provide an effective means of recognizing their contributions to the success of our Company. Our Board and management believe that equity awards are necessary to remain competitive in our industry and are essential to recruiting and retaining the highly qualified employees who help us meet our goals. Our Board and management believe that the ability to grant equity

awards will be important to our future success.

The following is a summary of the material terms of the 2010 Plan, as amended by the proposed amendment. This summary is not complete and is qualified in its entirety by reference to the full text of the 2010 Plan, as amended by the proposed amendment.

Share Reserve. If this amendment is approved, the number of shares of Common Stock reserved for issuance under the 2010 Plan will include (a) shares reserved for issuance under the 2010 Plan not to exceed an aggregate of 1,250,000 shares of Common Stock, (b) the number of shares available for issuance under the Plan shall be reduced by one (1) share for each share of Common Stock issued pursuant to a Stock Award granted under the 2010 Plan and (c) one (1) share for each Common Stock equivalent subject to a stock appreciation right granted under the 2010 Plan.