DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON JUNE 9, 2016

VOLUME 3

Job No.: 315759

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

A one-page document that purports to be a June 11 email from Mr. Kane to Jim Cotter, Jr. It bears production number EK1613.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 306 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Yes.

BY MR. KRUM:

Q. Do you recognize Exhibit 0306?

A. Yes, I do.

Q. Is this an email you sent to Jim Cotter, Jr. on June 11, 2015?

A. Yes.

Q. You recall that on June 12, 2015, Mr. Cotter was terminated as president and C.E.O.?

A. Yes.

Q. So was this an effort by you to implore him or, as the case may be, persuade him to strike a deal to avoid that vote?

A. Sitting here I'm not sure that I knew that that vote was coming on that date, but it was my last effort to get him to -- in this -- in the interim from the last one I had understood or found

out that Margaret -- part of their deal or proposal was that Margaret would vote the B stock.

But this was my last effort to get him to retain his position as C.E.O. of the company and move forward with his sisters.

Q. So, in the first paragraph you talk about having Guy Adams in meetings with Jim Cotter, Jr., and his sisters.

Do you see that?

A. Yes.

Q. Does that refer to the proposal that there be an executive committee to which Mr. Adams and the three Cotters were -- of which they were the members?

A. I think so, yes.

Q. And then in point one, the first sentence reads, quote,

"For now I think you have to concede that Margaret will vote the B stock," close quote.

Do you see that?

A. Yes, I do.

Q. And so by this time, as I believe you just said, you had learned that one of the terms of the resolution required by Ellen and Margaret was

that Margaret be the sole trustee of the voting trust that held --

A. Yes.

Q. -- the class B voting stock?

A. Yes.

Q. Do you recall how you learned that?

A. I don't.

Q. And the next sentence reads, quote,

"As I said, your dad told me that giving Margaret the vote was his way of, sub quote, forcing, close sub quote, the three of you to work together," close quote.

Does that refer to discussions about which I believe you've already testified, Mr. Kane, you had with Jim Cotter, Sr.?

A. Yes.

Q. And the next sentence in paragraph numbered one in Exhibit 306 reads as follows, quote,

"Asking to change that is a nonstarter," close quote, with "nonstarter" being italicized.

Do you see that?

A. Yes.

Q. Why did you say that?

A. I don't know why I said it that way. I don't recall what I was thinking.

Q. Had you heard or learned or had you been told that that was a term that Ellen and Margaret were unwilling to change?

MR. SEARCY: Objection. Vague and lacks foundation.

THE WITNESS: I don't know. I don't recall.

BY MR. KRUM:

Q. Well, were you telling -- by the use of that language in this email to Jim Cotter, Jr., were you communicating to him that that was a term that he should not attempt to renegotiate?

A. Yes, I think so.

Q. I direct your attention, Mr. Kane, to paragraph numbered five, it begins with the words, "bottom line."

A. Uh-huh.

Q. It begins immediately thereafter with the words, quote,

"Recognize you are not dealing from strength right now," and then it continues.

Do you see those words?

A. Yes.

Q. Were you referring to the fact that he was basically in a position of striking a deal or facing a vote on termination?

A. I think that was my thinking, yes.

Q. And then at the bottom of -- at the end of the paragraph numbered five there's a sentence that reads as follows, quote,

"Otherwise you will be sorry for the rest of your life. They and your mother will be hurt and your children will lose a golden opportunity," close quote.

A. Yes.

Q. See that?

A. Yes, I do.

Q. And what was your point in saying that to Jim Cotter, Jr., in this email, Exhibit 306?

A. It was a reiteration of what he told me in his email that if he was out, the family and the company would be destroyed.

Q. Did you share that view?

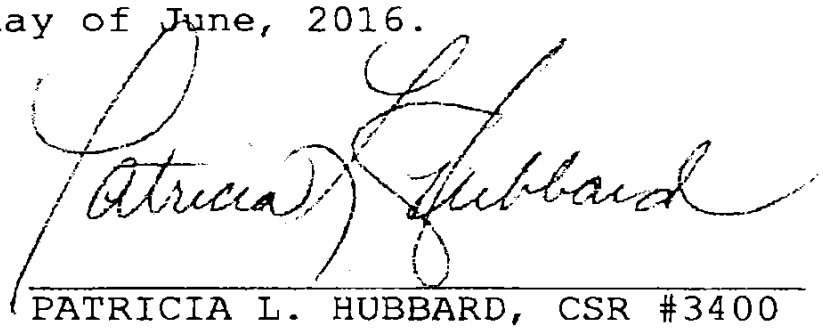
A. That was his view. I didn't -- one way or another. But look where we are now.

Q. So you were saying this to him in your

That the foregoing pages contain a full, true and accurate record of the proceedings and testimony to the best of my skill and ability;

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel, nor am I financially interested in the outcome of this action.

IN WITNESS WHEREOF, I have subscribed my name this 15th day of June, 2016.



PATRICIA L. HUBBARD, CSR #3400

From: Kane <elkane@san.rr.com>
Sent: Thursday, June 11, 2015 1:43 PM
To: Cotter Jr. James

This morning, without the wine I was drinking last night during and after talking with your mother, I'm thinking more about your call to me last night and our conversation. I can see that from your point of view having Guy in on the meetings with your sisters could be a problem and doesn't solve the need to be able to work with them cohesively going forward. If you explain that to them they may be willing to accommodate you.
But, the main question is what are you going to do to accommodate them?
1. For now, I think you have to concede that Margaret will vote the B stock. As I said, your dad told me that giving Margaret the vote was his way of "forcing" the three of you to work together. Asking to change that is a *nonstarter*. Again, you need to compromise your "wants" as they have been willing to do. If you can work together than it becomes a non-issue and eventually your and her kids will have the vote. What's wrong with that?
2. For now you need ASAP to agree on the nominees for the Board going forward. As I told you months ago, changes are necessary and you need some quality people with expertise in fields where it is needed and lacking. You also need to get rid of divisive persons.
3. I do believe that if you give up what you consider "control" for now to work cooperatively with your sisters, you will find that you will have a lot more commonality than you think. You all want the same things: a vibrant growing business. After trust is established you can all go back to where you want to be.
4. I think if you make the proper and needed concessions, they might well relent on having Guy in the meetings as they can easily see there is great animosity between the two of you.
5. Bottom line: recognize you are not dealing from strength right now and be willing to compromise as they are rational and reasonable people who have been hurt and demeaned and you need to help heal the family. Otherwise you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity.
6. I am willing to help but I'd much prefer that you bend a bit and work it out between you to build the trust that is necessary so that you don't lose control of the company, as you presently have.

EXH 304
DATE 6-9-16
WIT Kane
PATRICIA HUBBARD

EXHIBIT ‘G’

8-K 1 rdi-20160315x8k.htm 8-K

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 10, 2016

Reading International, Inc.
(Exact name of registrant as specified in its charter)

Nevada	1-8625	95-3885184
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6100 Center Drive, Suite 900, Los Angeles, California	90045
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (213) 235-2240

Not applicable.
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

New Compensatory Arrangements for Executive and Management Employees

See Item 5.02 below with respect to certain new compensation arrangements for executive and management employees and outside directors of Reading International, Inc. ("Reading," "Registrant" or the "Company").

Amendment to 2010 Stock Incentive Plan

On March 10, 2016, Reading's Board of Directors approved an amendment to the 2010 Stock Incentive Plan to permit the award of restricted stock units.

The foregoing description of the amendment to the 2010 Stock Incentive Plan is qualified in its entirety by reference to the provisions of the amendment to the 2010 Stock Incentive Plan as exhibit 10.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Item 5.02 (c)

Andrzej Matyczynski

On March 10, 2016, the Company's Board of Directors (the "Board") appointed Andrzej Matyczynski, 63, as Executive Vice President—Global Operations.

From May 11, 2015 until March 10, 2016, Andrzej Matyczynski has acted as corporate advisor to the Company. Mr. Matyczynski served as our Chief Financial Officer and Treasurer from November 1999 until May 11, 2015 and 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.

See Item 5.02(e) below with respect to the compensation arrangements for Mr. Matyczynski.

Margaret Cotter

On March 10, 2016, the Board appointed Margaret Cotter, 48, as Executive Vice President-Real Estate Management and Development-NYC.

Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live-theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Operating and overseeing these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. Until her appointment on March 10, 2016, while she received management fees through OBI, Ms. Cotter received no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, managed the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3 property. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter, a director and our President and Chief Executive Officer, and James J. Cotter, Jr., a director. Ms. Margaret Cotter is a Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B Voting Stock (representing 25.5% of such Class B voting Stock). Ms. Margaret Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% of such Class B Stock). In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stockholder in our Company.

In connection with her appointment and employment as Executive Vice President of the Company, the Company's Audit and Conflicts Committee authorized the mutual termination of the Theater Management Agreement dated January 1, 2002, between the Company's subsidiary, Liberty Theaters, Inc. (predecessor to Liberty Theaters, LLC) and OBI, LLC, an entity wholly-owned by Ms. Cotter, (the "Theater Management Agreement"). The termination agreement is currently being negotiated by OBI, LLC and Liberty Theaters, LLC and finalized, will be filed on Form 8-K. While Ms. Cotter is the President of Liberty Theaters, LLC, Liberty Theaters, LLC is being separately represented in these negotiations and the final termination agreement will be subject to the review and approval of our Audit and Conflicts Committee.

The Compensation Committee and the Audit and Conflicts Committee each approved additional consulting fee compensation to Margaret Cotter totaling $200,000 for services rendered by her to the Company in recent years outside of the scope of the Theater Management Agreement, including, but not limited to: (i) predevelopment work on the Company's Union Square and Cinemas 1, 2 & 3 properties, (ii) management of the New York properties, and (iii) management of Union Square tenant matters. The Compensation Committee also noted, when considering this additional consulting fee, that OBI, LLC had agreed to include as a part of its termination agreement with the Company certain waivers and releases including the termination of any rights it might have to receive compensation with

respect to any show continuing at any of our theaters after the date of such termination.

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. We currently estimate that fees to be paid to OBI for 2015 will be approximately $390,000. We paid $397,000 and $401,000 in fees with respect to 2014, and 2013, respectively. We also reimbursed OBI for certain travel expenses.

As Executive Vice-President Real Estate Management and Development - NYC, Ms. Cotter will continue to be responsible for the management of our live theater assets and business, will continue her role heading up the pre-redevelopment of our New York Properties and will become our senior executive responsible for the actual redevelopment of our New York properties.

Ms. Cotter's compensation as Executive Vice-President was set as part of the extensive executive compensation process described in Item 5.02(e) below. For 2016, Ms. Cotter's base salary will be $350,000, she will have a short term incentive target bonus opportunity of $105,000 (30% of her base salary), and she was granted a long term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four year period.

Item 5.02(e)

Compensation Arrangements

Background

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board"), upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The 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 the Company's legal counsel, Greenberg Traurig, LLP.

Going forward, the Board of Directors has adopted a formal charter for our Compensation Committee a copy of which has been posted on our website, www.ReadingRDI.com.

Executive Compensation

From late January to late February 2016, the Compensation Committee met five separate times with Willis Towers Watson, the Chief Executive Officer, and legal counsel. Except for the first meeting, each meeting exceeded three hours and was fully focused on the assessments

EXHIBIT 'H'

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 12, 2016

VOLUME I

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

Q. Do you see that on the second page of the job description there is a bullet point followed by the underscored words "Construction Oversight Responsibilities"?

A. Underneath "Construction Oversight Responsibilities."

Q. Okay.

A. Uh-huh.

Q. And you see those include,

"Selection and supervision of general contractors, architects, engineers and other construction professionals"?

A. Yes.

Q. And other than what you've done with respect to the Union Square property and working with Edifice, have you ever done any of those activities?

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

Q. Well, I'll ask the question. Other than anything you've done with Edifice with respect to Union Square, have you ever overseen the selection and supervision of general contractors?

A. Yes.

Q. What --

A. I'm sorry. Of general contractors, no.

Q. Other than what you've done with Union Square --

A. Other than what I've done.

Q. Right. Right. I want -- just listen to my question, please.

Other than what -- other than anything you've done with respect to Union Square and working with Edifice, have you ever overseen the selection and supervision of architects --

A. Yes.

Q. -- in a real estate development context?

MR. SEARCY: Objection. Vague.

Wait for him to finish his question. Okay? And let me get my objection in.

MR. KRUM: I'll ask it again and we'll each try to let each of us do our things, so to speak?

MR. SEARCY: Right.

BY MR. KRUM:

Q. All right. Ms. Cotter, excluding anything you've done with respect to the Union Square property and working with Edifice, have you ever overseen the selection and supervision of any

of general contractors, architects, engineers or other construction professionals with respect to any real estate development?

MR. SEARCY: Objection. Vague.

THE WITNESS: With a development, no.

BY MR. KRUM:

Q. I direct your attention, Ms. Cotter, further down that page, the third page of Exhibit 149.

Do you see there are boldface words on the left-hand side called "Skill Set"?

A. Yes.

Q. Do you see the second bullet point includes the words "Project design and land use planning" -- well, in the entirety, "including experience dealing with government authorities."

Do you see that?

A. Yes.

Q. Excluding anything you've done with Edifice with respect to the Union Square project, have you ever done any of those kind of activities with respect to any real estate development?

A. I worked on the Union Square project without Edifice.

Q. Okay. Otherwise have you ever done any

of those activities --

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

Q. -- with respect to real estate development?

MR. SEARCY: Objection. Vague.

THE WITNESS: What do you mean by "real estate development"? Do you mean a property that we have?

BY MR. KRUM:

Q. With respect to any piece of real property, meaning commercial real property and excluding residential real property and excluding anything you've done on the Union Square project, have you ever supervised or performed anything you understood to be either project design or land use planning?

A. Yes.

Q. What?

A. The Minetta Lane, that property, the district was going to be landmarked, so I worked on that. The Orpheum Theatre. The Marquis was going to be landmarked and I work on that, and I succeeded in having Landmarks refuse to landmark the Marquis.

Also, I just want to go back and clarify

something.

If you regard talking about development as just a property, I have overseen general contractors and architects and engineers on renovations and work -- and structural work that we've done in our theaters in the past.

Q. Take a look, please, Ms. Cotter, at the last page of Exhibit 149.

And the last paragraph begins as follows, quote,

"The executive should also have an appreciation for the financing elements of the real estate development project," and so forth.

And let me know when you've read the balance of that paragraph.

A. Yes. I'm finished.

Q. Do you have any experience in those activities?

MR. SEARCY: Objection. Vague.

THE WITNESS: I'm working with a broker right now.

BY MR. KRUM:

Q. Okay. Anything else?

A. No.

Q. So, with respect -- with respect to Minetta Lane, you worked on opposing the designation of that property as a landmark; is that correct?

A. Not quite. The landmark committee, they decided to designate the neighborhood as a historical district. And the property was located within that district.

We succeeded in having the actual property as a -- classified as a no-style building. So that means that most likely we'll be able to tear it down when we decide to develop it.

Q. With whom did you work on that?

A. Bob Davis, a landmark attorney.

MR. SEARCY: Ferrario's on the run.

(Whereupon Mr. Ferrario left the deposition proceedings at this time.)

MR. KRUM: I'll ask the court reporter to mark as Exhibit 150 a document bearing production numbers MC7647 through 50.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 150 by the Certified Shorthand Reporter and is attached hereto.)

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

That I am a duly qualified Certified Shorthand Reporter in and for the State of California, holder of Certificate Number 3400, which is in full force and effect, and that I am authorized to administer oaths and affirmations;

That the foregoing deposition testimony of the herein named witness, to wit, MARGARET COTTER, was taken before me at the time and place herein set forth;

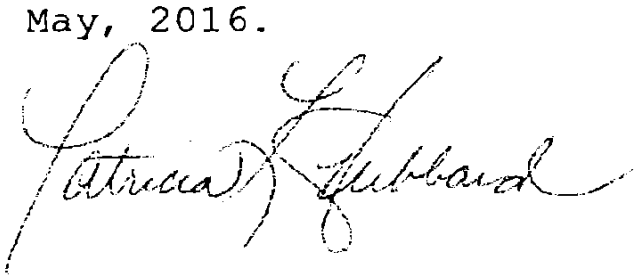
That prior to being examined, MARGARET COTTER was duly sworn or affirmed by me to testify the truth, the whole truth, and nothing but the truth;

That the testimony of the witness and all objections made at the time of examination were recorded stenographically by me and were thereafter transcribed by me or under my direction and supervision;

That the foregoing pages contain a full, true and accurate record of the proceedings and testimony to the best of my skill and ability;

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel, nor am I financially interested in the outcome of this action.

IN WITNESS WHEREOF, I have subscribed my name this 16th day of May, 2016.



PATRICIA L. HUBBARD, CSR #3400

EXHIBIT 'I'

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

process to recruit a director of real estate? And by "at the time," I mean in 2015 into May.

A. I did. I felt that was the CEO's job. That's how he drew the org chart. That's how he was filling it. He would interview people, much like he did Bill Ellis, and say here is my pick, here is my candidate, and we would look at it and approve. I wasn't involved in a screening, if you will, of it.

Q. You were a party to communications from the fall of 2014 through at least May of 2015 about finding a role for Margaret in the company's real estate development; right?

MR. SWANIS: Objection; form.

THE WITNESS: We were finding a role for Margaret, right. Was it going to be exclusive in real estate? I wasn't sure of that. Would it be tangential to real estate and somebody else have a major part in real estate? I didn't know the answer to that, either. The CEO would have to work out how they'd prepare the organizational chart.

BY MR. KRUM:

Q. What sort of experience does Margaret Cotter have in real estate development?

A. In real estate development, I don't think

she's developed real estate before in her career.

Q. Right. Her job has been to manage the live theatre operations; correct?

A. In part. The other part of what she's been in charge with is for the last at least two years, maybe more, is with her father's help, picking architects, going to the historical planning session and getting approval for the buildings, talking to people that were thinking about joint venturing with us, interviewing contractors that she would line up.

So she was doing a lot with the Greeks, our potential partners on a piece of real estate in New York. She was actually -- after her father passed away, she got them to agree to a joint venture for a feasibility study. So she was involved in real estate, doing real estate things in New York prior to her father passing away and after her father passed away.

Q. Those were all pre-development activities; correct?

A. I was going to say, but I don't -- to my knowledge, I don't think she's done any [corrected] development activities.

MR. TAYBACK: Tell me when a good time to take

a couple-minutes' break is.

MR. KRUM: Now is fine.

THE VIDEOGRAPHER: We're off the record. The time is 2:42.

(Recess.)

THE VIDEOGRAPHER: We're on the record. The time is 2:54.

BY MR. KRUM:

Q. Mr. Adams, I think that there might have been a mistranscription of the last question and answer, so I'm going to ask the court reporter to read my question and your answer to afford you the opportunity to correct it if you believe that's appropriate.

A. Okay. Thank you.

(Record read as follows:

"A. I was going to say, but I don't -- to my knowledge, I don't think she's done any pre-development activities.")

THE WITNESS: She hasn't -- thank you. She hasn't done any development activities.

MR. KRUM: Guys my age don't typically catch those, so...

I'll ask the court reporter to mark as Exhibit 57, a two-page document bearing production

CERTIFICATE OF REPORTER

STATE OF CALIFORNIA)
)SS:
COUNTY OF LOS ANGELES)

I, Lori Raye, a duly commissioned and licensed court reporter for the State of California, do hereby certify:

That I reported the taking of the deposition of the witness, GUY ADAMS, commencing on Thursday, April 28,2016, at 10:13 a.m.;

That prior to being examined, the witness was, by me, placed under oath to testify to the truth; that said deposition was taken down by me stenographically and thereafter transcribed; that said deposition is a complete, true and accurate transcription of said stenographic notes.

I further certify that I am not a relative or an employee of any party to said action, nor in anywise interested in the outcome thereof; that a request has been made to review the transcript.

In witness whereof, I have hereunto subscribed my name this 2nd day of May 2016.

Lori Raye

LORI RAYE
CSR No. 7052

OBJ
Thomas M. Melsheimer, Esq.
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DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive, Defendants. and	CASE NO.: A-15-719860-B DEPT. NO.: XI Coordinated with: Case No.: P-14-082942-E Dept. No. XI Case No.: A-16-735305-B Dept. No. XI Date of Hearing: 10/6/16 Time of Hearing: 8:30 a.m. **OBJECTION OF READING INTERNATIONAL, INC. SHAREHOLDER MARK CUBAN TO SETTLEMENT**

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

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

Plaintiff,

vs.

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

Defendants.

And

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

ROYAL & MILES LLP
1522 W. Warm Springs Road
Henderson, NV 89014
(702) 471-6777

OBJECTION OF READING INTERNATIONAL, INC. SHAREHOLDER MARK CUBAN TO SETTLEMENT

COMES NOW interested party Mark Cuban and, pursuant to the Court's August 4, 2016 Notice of Pendency and Settlement of Action (the "Notice"), submits this Objection to the proposed settlement in this matter and respectfully requests that he be allowed to be heard at the upcoming hearing and that the Court reject the proposed Settlement Agreement and Release of Claims (the "Proposed Settlement").

I. INTRODUCTION

The Proposed Settlement is manifestly unfair, inadequate, and unreasonable. The Proposed Settlement strips Reading and its shareholders, including Mr. Cuban, of valuable rights and the ability to bring claims against the company's officers, directors, and employees

for any breach of fiduciary duty, securities fraud, mismanagement, or practically any other conceivable claim that they may have against the Individual Defendants, including statutorily provided protection against releasing unknown claims. In exchange for forfeiting these rights and protections, the company and its shareholders get nothing. The only consideration given from these broad, sweeping releases is a joint press release and a mutual non-disparagement provision. Indeed, neither the Proposed Settlement nor the Notice drafted by counsel for the parties identify as single, specific benefit afforded to the Company or its shareholders. Accordingly, the Court should, respectfully, reject the Proposed Settlement.

II. DISCUSSION

A. Proof of Ownership of Reading Stock

Mr. Cuban currently owns 72,164 shares of Reading Class A Common Stock and 207,913 shares of Reading Class B Common Stock. Affidavit of Robert Hart, attached as Ex. A, at ¶¶ 3-4. Mr. Cuban has owned Reading stock since 2009. *Id.*

B. Notice of Intention to Appear at Settlement Hearing

Pursuant to ¶26(b) of the Notice this Objection serves as Mr. Cuban's notice of intention to appear at the hearing, through his counsel.

Mr. Cuban's contact information is:

Mark Cuban
5424 Deloache Ave.
Dallas, TX 75220
(214) 696-2133

///

///

///

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1522 W. Warm Springs Road
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Mr. Cuban's counsel's contact information is:

Thomas M. Melsheimer
Scott C. Thomas
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Telephone: (214) 747-5070

Michael A. Royal, Esq.
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C. Detailed Statement of Objections, Grounds for Objections, and Reasons for Mr. Cuban's Desire to Appear and be Heard

As a significant shareholder of Reading, Mr. Cuban objects to the Proposed Settlement as unfair and unreasonable to Reading and its shareholders. Any settlement of a derivative action that impacts the company or its shareholders must be "fundamentally fair, adequate, and reasonable." *E.g.*, *In re Pac. Enterprises Sec. Litig.*, 47 F.3d 373, 377 (9th Cir. 1995). One of the Court's considerations in analyzing a settlement in a derivative case is to protect the interests of absent shareholders. *E.g. Norman v. McKeee*, 431 F.2d 769, 774 (9th Cir. 1970).

The Proposed Settlement is a one-sided agreement that confers no benefit whatsoever on Reading or Reading shareholders, yet strips the company absent shareholders of valuable rights. The only consideration provided in the entire Proposed Settlement is (a) a mutually agreed upon press release regarding the settlement, and (b) a nondisparagement agreement. The draft agreement merely states that the "T2 Plaintiffs believe that the Settlement provides substantial and immediate benefits for Reading and its current stockholders...," yet, ***the Proposed Settlement never identifies a single specific benefit*** the T2 Plaintiffs subjectively believe is conferred on the company or its shareholders as a result of the Proposed Settlement. PROPOSED

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SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS ¶3.a. That is because there are no such benefits.

In exchange for this non-existent consideration, the Proposed Settlement purports to release the Individual Defendants—officers and directors of Reading—from any and all potential claims, known or unknown, which any Reading shareholder could have brought. Additionally, the proposed release precludes Reading from brining any claim whatsoever against the Individual Defendants. More specifically, the Proposed Settlement purports to release the following claims on behalf of all Reading shareholders:

In exchange for this non-existent consideration, the Proposed Settlement purports to release the Individual Defendants—officers and directors of Reading—from any and all potential claims, known or unknown, which any Reading shareholder could have brought. Additionally, the proposed release precludes Reading from brining any claim whatsoever against the Individual Defendants. More specifically, the Proposed Settlement purports to release the following claims on behalf of all Reading shareholders:

> "Released T2 Plaintiffs' Claims" means ***all any and all manner of claims***, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, ***whether known or unknown***, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, ***including Unknown Claims (as defined below)***, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts, such as, but not limited to, federal securities claims or other claims based upon the purchase or sale of shares), that are, have been, ***could have been, could now be, or in the future could, can, or might be asserted, in the T2 Action or in any other court, tribunal, or proceeding*** by: T2 Plaintiffs derivatively on behalf of Reading, or on their own behalf; ***by Reading's stockholders on behalf of Reading; or by Reading directly against any of the Individual***

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> ***Defendants' Releasees***, which claims, now or hereafter, are based upon, arise out of, relate ***in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that relate in any way to, or could arise in connection with, the alleged breaches of fiduciary duty, abuse of control, mismanagement, negligence, aiding and abetting, the making or not making of required securities law disclosures, and/or corporate waste***,

Settlement Agreement and Release of Claims ¶4.a.i. (emphasis added).

Furthermore, the Proposed Settlement releases any unknown claims that Reading may bring against the Individual Defendants, i.e., Reading's officers and directors, and expressly waives the express statutory rights and benefits conferred by California Civil Code §1542 regarding releasing unknown claims. *Id.* ¶4.c. In exchange for waiving this valuable protection to seek redress for any unknown claims against the company's officers and directors in the future, Reading and its shareholders get nothing. As set forth in the Notice and the release language above, this would include claims for breach of fiduciary duty, securities fraud, self-dealing, and any other conceivable cause of action that Reading or one of its shareholders could bring against an officer, director or other Reading employee. *See* Notice ¶ 7. Such a release is unconscionable, even if there were significant consideration given to the Company or its shareholders—of course here there is no consideration at all given for this "get-out-of-jail free" card.

If the T2 Plaintiffs wish to dismiss their claims or give up their own rights to bring future claims against the Individual Defendants, then that is their prerogative. Reading and its other shareholders, however, should not be bound by any release whatsoever.

III. CONCLUSION

Mr. Cuban respectfully requests that the Court reject the Proposed Settlement as it is not fair, reasonable, or adequate and strips Reading and its other shareholders of valuable common-

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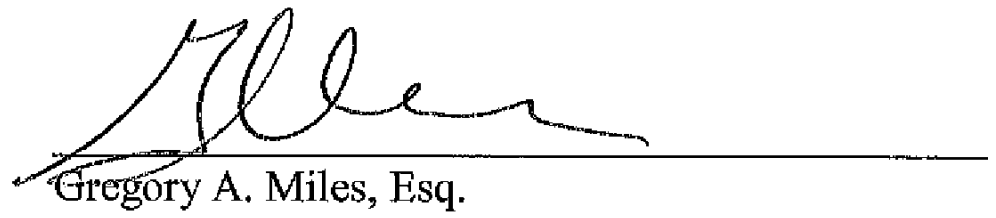
law and statutory rights. If the Court does approve the Proposed Settlement in part, Mr. Cuban respectfully requests that the Court limit the release to the actual parties in the case, not Reading or any other Reading shareholder.

DATED this 27 day of September, 2016.

ROYAL & MILES LLP



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 2nd day of September, 2016, I served the following document: **OBJECTION OF READING INTERNATIONAL, INC. SHAREHOLDER MARK CUBAN TO SETTLEMENT**

X **BY MAIL/ FAX:** by placing the document(s) listed above in a sealed envelope, postage prepaid, in the U.S. Mail at Las Vegas, Nevada, addressed as set forth below & by transmitting the documents(s) listed above via telefacsimile to the fax number(s) set forth below. A printed transmission record is attached to the file copy of this document(s).

Mark E. Ferrario, Esq.
Kara B. Hendricks, Esq.
GREENBERG TRAURIG, LLP
3773 Howard Hughes Pkwy., Suite 400 North
Las Vegas, NV 89169
Facsimile: 702-792-9002

____ **BY HAND DELIVERY:** by delivery the document(s) listed above to the person(s) at the address(es) set forth below.

X **BY ELECTRONIC SERVICE:** by submitting the document(s) listed above to the above-entitled Court for electronic filing and/or service upon the Court's Service List.

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Ashley Andrew

An employee of *Royal & Miles LLP*

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TRANSACTION REPORT

SEP/22/2016/THU 04:47 PM

FAX(TX)

#	DATE	START T.	RECEIVER	COM.TIME	PAGE	TYPE/NOTE	FILE
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OBJ

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gmiles@royalmileslaw.com
Attorneys for Interested Party Mark Cuban

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

CASE NO.: A-15-719860-B
DEPT. NO.: XI

Coordinated with:

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

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

Date of Hearing: 10/6/16
Time of Hearing: 8:30 a.m.

OBJECTION OF READING INTERNATIONAL, INC.

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EXHIBIT “A”

VAPP
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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a	Case No.: A-15-719860-B Dept. No.: XI Coordinated with: Case No.: P-14-0852942-E Case No.: A-16-735305-B **AFFIDAVIT OF ROBERT HART IN SUPPORT OF READING INTERNATIONAL, INC. SHAREHOLDER MARK CUBAN'S OBJECTION TO THE SETTLEMENT**

Nevada Corporation, Nominal Defendant, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT, *et al.*; Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 through 100, inclusive; Defendants. And READING INTERNATIONAL, INC., a Nevada Corporation, Nominal Defendant.	

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AFFIDAVIT OF ROBERT HART

I, Robert Hart, do hereby swear/affirm under penalty of perjury that the following statements of are true:

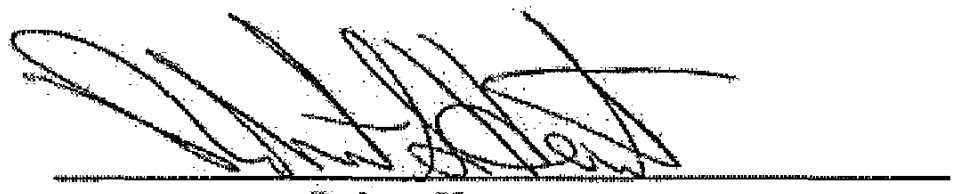
1. I am Senior Executive Vice President and General Counsel of the Mark Cuban Companies and have been personal counsel to Mark Cuban for over 20 years.

2. I am personally familiar with Mr. Cuban's stock holdings, including his holdings of Class A and B common stock of Reading International, Inc.

3. Mr. Cuban currently owns 72,164 shares of Reading International, Inc. Class A common stock (RDI). A recent statement of Mr. Cuban's holding of RDI is attached hereto as Exhibit A-1. Mr. Cuban has owned RDI stock since June 2009.

4. Mr. Cuban currently owns 207,913 shares of Reading International, Inc. Class B common stock (RDIB). A recent statement of Mr. Cuban's holding of RDIB is attached hereto as Exhibit A-2. Mr. Cuban has owned RDIB stock since January 2009.

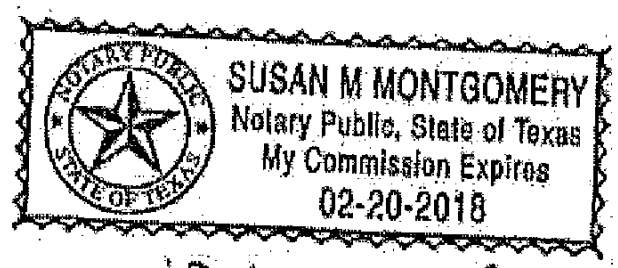
DATED this 22nd day of September, 2016.



Robert Hart

STATE OF TEXAS)
) ss
COUNTY OF DALLAS)

Subscribed and sworn to before me
this 22nd day of September, 2016.



ID # 143375-5

Susan M. Montgomery
Notary Public

ROYAL & MILES LLP
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EXHIBIT A-1

Morgan Stanley

Positions Cross Reference (Currently Held)

Position Views

Analysis Settings

Results View	Accounts	Client-Directed	All
Contact Type	Clients	Managed	All
Tier	All	Include Closed Accounts	False
Account Type	Both		

Applied Filters

As of 09/22/2016 @ 03:15 PM CDT

Exposure = RDI AND Position Type = Long, Short

Total Values for 1 Results

Market Value ($):979,987.12 | Long Position:72,164.00 | Long Market Value ($):979,987.12 | Short Position:0.00 | Short Market Value ($):0.00 | Cost ($):325,459.64 | Gain / Loss ($):654,527.48

READING INTL INC-A (RDI)

Market Price($):13.61 | Today's Change($/%):+0.03,+0.22 | Volume:44,875.00 | Bid($):0.00 | Ask($):0.00

CLIENT	ACCOUNT NUMBER	QUANTITY	HOLDING PERIOD
Total		72,164.00	
CUBAN, MARK	[redacted]	72,164.00	LT

EXHIBIT A-Z

Morgan Stanley

Positions Cross Reference (Currently Held)

Position Views

Analysis Settings

Results View	Accounts	Client-Directed	All
Contact Type	Clients	Managed	All
Tier	All	Include Closed Accounts	False
Account Type	Both		

Applied Filters

As of 09/22/2016 @ 03:22 PM CDT

Exposure = RDIB AND Position Type = Long, Short

Total Values for 1 Results

Market Value ($):2,948,206.34 | Long Position:207,913.00 | Long Market Value ($):2,948,206.34 | Short Position:0.00 | Short Market Value ($):0.00 | Cost ($):1,047,454.36 | Gain / Loss ($): 1,900,751.98

READING INTL CL B (RDIB)

Market Price($):14.25 | Today's Change($/%):0.00,0.00 | Volume:0.00 | Bid($):0.00 | Ask($):0.00

CLIENT	ACCOUNT NUMBER	QUANTITY	HOLDING PERIOD
Total		207,913.00	
CUBAN, MARK	[redacted]	207,913.00	LT/ST

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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 JOINDER IN INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER

Hearing Date: October 25, 2016
Hearing Time: 8:30 A.M.

Assigned to Hon. Elizabeth Gonzalez, Dept. XI

Trial Date: November 14, 2016

Defendant William Gould hereby joins Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer, filed on September 23rd.

September 23, 2016

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 Joinder in Individual Defendants' Motion for Partial Summary Judgment (NO.3) on Plaintiff's Claims Related to the Purported Unsolicited Offer** 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 23 day of September, 2016.

Kaitlin Arnott
EMPLOYEE

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

JAMES J. COTTER, JR., 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.

And

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S OMNIBUS REPLY TO OBJECTIONS TO T2 SETTLEMENT FILED BY JAMES J. COTTER, JR., MARK CUBAN, AND DIAMOND A PARTNER, LP.

Hearing
Date: October 6, 2016
Time: 8:30a.m.

GREENBERG TRAURIG, LLP
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Las Vegas, Nevada 89169
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READING INTERNATIONAL, INC., by ad through its counsel, Greenberg Traurig, LLP, hereby submits its *Omnibus Reply to the Objections to the T2 Settlement filed by James J. Cotter, Jr., Mark Cuban, and Diamond A Partners, L.P./Diamond A Investors, L.P.* This Reply is based on the attached Memorandum of Points and Authorities, the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: September 30, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
TAMI D. COWDEN, ESQ.
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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should approve the T2 Settlement as none of the Objectors have demonstrated that the settlement is not fair to Reading International, Inc. ("RDI") and its stockholders. Indeed, two of the Objectors focus almost solely on the purported breadth of releases, even though such settlement agreements have for decades involved releases of all existing claims known or unknown. While such focus on the release of claims *not* brought indicates implicit acknowledgment that those that *were* actually brought are without merit, no Objector has presented a compelling reason to forego the custom and practice.

Cotter, Jr., of course, goes beyond issues of the release, and instead, claims that the T2 principals do not actually support the Settlement. He supports this theory by citing deposition testimony by these principals, none of which actually indicates any belief that any defendant violated a fiduciary duty.

The Objectors also contend that neither RDI, nor its stockholders receive any benefit from the T2 Settlement. This claim, however, merely reveals that despite claims that the Objectors are acting in the best interest of RDI, none of the Objectors are cognizant of the considerable drain on RDI's resources, or the loss of value to the stockholders that inevitably flows from that drain. This Settlement offers a substantial benefit to RDI, whose indemnification obligations to the Individual Defendants for the T2 claims will come to an end. This is a significant benefit because RDI will likely exhaust its D & O insurance in defending against Cotter, Jr.'s claims. Moreover, the extensive release the Objectors so abhor *protects RDI* from further obligations of defending its indemnitees against more unfounded claims.

Significantly, even though notice was provided to each of RDI's 580 record stockholders,[1] ***only three objections were submitted to this Court***. In other words, only approximately 0.5%-- *i.e., roughly one half of one percent* – of RDI's stockholders object to this Settlement.[2] This Court should honor the apparent wishes of the other 99.5% of stockholders, and approve the settlement.

Finally, it is to be noted that the two Non-Cotter Objectors have had plenty of time to intervene, if they truly believed that their interests or those of other stockholders required greater protection than that offered by the T2 Plaintiffs. The Non-Cotter Objectors were in communication with the T2 Plaintiffs well before the original T2 Complaint was filed. The one claim focused on by the Diamond A Objectors – the so called "Golden Coffin Claim" -- while originally included in the T2 Complaint was dropped by the T2 Plaintiffs and not included in the T2 Amended Complaint filed in February 2016. No objection was made by the Diamond A Objectors to the determination by the T2 Plaintiffs not to pursue this claim, which would, at any rate, be beyond applicable statute of limitations). As to the Cotter, Jr. objection, he has

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[1] Moreover, in addition to the direct mailing to the record stockholders, notice was also provided via RDI's website, and the press release.

[2] Based on the stock holdings, the Objectors appear to hold approximately 7-8% of the nonvoting stock and about 16-17% of the voting stock.

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already (with knowledge of this pending settlement), amended his own complaint. Notably, he did not choose to add any of the claims for which dismissal and release is now sought.

The record shows that the T2 Plaintiffs have done a thorough examination of the activities of the Board over the past several years, and have made an informed decision not to further pursue the litigation. As the T2 Plaintiffs are not receiving any reimbursement of attorneys' fees or other compensation, there can be no claim that they have any motivation other than a desire, after thorough examination, not to waste their money or the money of the Company pursuing meritless claims. Furthermore, according to deposition testimony, neither Cuban nor Diamond A were interested in joining or providing financial support for the T2 litigation. As such, their decision now to second-guess the T2 Plaintiffs' settlement is fallacious.

FACTS RELEVANT TO THIS MOTION

RDI is a publicly traded company with approximately 21,654,305 shares of Class A Nonvoting Common Stock, and 1,680,590 Class B Voting Common Stock outstanding. Pursuant to this Court's preliminary approval of the T2 Settlement entered on August 4, 2016, RDI timely mailed notices to the 580 "stockholders of Reading as listed on the stock registry."[3] ***See* Joint Motion for Approval of Settlement, Exhibits A and B.** Among details of the settlement itself, the Notice included the following statement made by the principals of the T2 Plaintiffs:

> 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 efforts to create stock value.

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[3] Additionally, upon request of brokerages acting as record owners holding for beneficial owners, RDI sent to such brokerages packets containing the Notices for each such beneficial owner.

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See Ex. B to Joint Motion. Thus, the stockholders were informed that the T2 plaintiffs had investigated the claims they had made, and that their concerns of misconduct had been laid to rest.

The Notice also required those wishing to object to submit such objections no later than September 22, 2016. A total of three objections were received. One was submitted jointly by Diamond A Investors, LP and Diamond A Partners, LP (collectively, "Diamond A"), who together claim to own 7% of RDI's outstanding Class A shares and "some" Class B shares. The second objection was submitted by Mark Cuban, who owns 72,164 Class A shares, and 207,913 Class B shares. The final objection was submitted James J. Cotter, Jr. (collectively, Diamond A, Cuban and Cotter, Jr. will be referenced as the "Objectors").

The Objectors each contend that the Settlement does not convey a benefit on RDI or its stockholders and that the releases are too broad. Diamond A added the purported broad releases would preclude stockholders from bringing to approval of compensation to Cotter, Sr. "in the years prior to his death."[4] claims related to what he described as a "golden coffin" arrangement involving Cotter, Sr.'s compensation. Cotter, Jr. also contends that the principals of the T2 Plaintiffs testified in a manner contradicting the Settlement terms.

LEGAL ARGUMENT

This Court should approve the settlement as it is fair and reasonable to the corporation, and thus, to the stockholders. Because derivative litigation is "notoriously unpredictable," settlements of shareholder derivative actions are "particularly favored." *See Maher v. Zapata Corp.*, 714 F.2d 436, 455 (5th Cir. 1983); *see also In re Pac. Enters. Sec. Litig.*, 47 F.3d at 378 (""Even if it had gone to trial, derivative lawsuits are rarely successful.'"); *GranadaInv., Inc. v. DWG Corp.*, 962 F.2d 1203, 1205 (6th Cir. 1992) ("Absent evidence of fraud or collusion, such settlements are not to be trifled with."). Nevada courts recognize that the law and public policy favor settlements and compromises entered into fairly and in good faith between competent

[4] Allegations related to such compensation had been raised in the T2 Plaintiffs' original complaint, but were not realleged in the T2 Plaintiff's First Amended Complaint.

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persons. *Malfabon v. Garcia*, 111 Nev. 793, 797, 898 P.2d 107, 109 (1995) (recognizing "the benefits provided by the settlement of cases and the laudable policy to effectuate them"); *see also In re Pacific Enterprises Sec. Litig.*, 47 F.3d 373, 377-78 (9th Cir. 1995) ("we have a 'strong judicial policy that favors settlements'") (citations omitted); *Class Plaintiff v. Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992) (recognizing the strong public policy in favor of the settlement of complex litigation). Here, the T2 Plaintiffs have acknowledged that, having had the opportunity, through the extensive discovery process, to examine the issues raised in their complaint, they find no further cause for concern. Under these circumstances, the settlement reached after weeks of negotiation between experienced counsel is a fair and just result.

A. Objective Assessment of this Litigation Favors Approval of the Settlement.

"The principal factor to be considered in determining the fairness of a settlement concluding a stockholders' derivative action is the extent of the benefit to be derived from the proposed settlement by the corporation, the real party in interest." *Shlensky v. Dorsey*, 574 F.2d 131, 147 (3d Cir. 1978). *Shlensky* held that courts considering the validity of a proposed settlement of a derivative action should review "the adequacy of the recovery provided the corporation by the settlement must be considered in the light of the best possible recovery, of the risks of establishing liability and proving damages in the event the case is not settled, and of the cost of prolonging the litigation. *Id.* Here, where there is little likelihood of any recovery, damages are illusory, and there is considerable cost to continuing the litigation, the settlement should be approved.

Cotter, Jr. urges the court to employ a test that essentially subsumes the *Shlensky* factors, and adds more, citing *Polk v. Good,* 507 A.2d 531, 536 (Del. 1986). Under *Polk*, a court should consider (1) the probable validity of claims, (2) difficulties in enforcing the claims through the courts, (3) the collectability of any judgment recovered (4) the delay, expense and trouble of litigation (5) the amount of compromise as compared with the amount of collectability of a judgment and (6) the view of the parties involved. *Polk v. Good,* 507 A.2d 531, 536 (Del.

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1986). Should he Court choose to adopt that test, review of each these factors shows that the settlement here should be approved.

B. The Claims Have No Probable Validity.

Here, the "probable validity" of the claims has been assessed by the T2 Plaintiffs, who had the benefit of the vast amount of discovery conducted in this case, including many thousands of pages of documents produced, interrogatories answered, and fifteen witnesses deposed. After such extensive investigation, the T2 Plaintiffs acknowledged that their concerns had "been put to rest." Accordingly, they have no reason to pursue their claims.

Significantly, their damages claims related to purported decreases in stock value could not be tied to specific actions, and therefore, were doomed to failure. Damages purportedly based on waste were obviously based on hindsight. Claims regarding compensation to the Directors were subject to a stiff presumption of fairness, regardless of self-interest, and moreover, were revealed to be well within compensation offered by peer companies. Finally, their claims regarding the voting of stock by the estate of Cotter, Sr. were deflated by this Court's denial of the requested preliminary injunctions.

No Objector has come forward with evidence that suggests that there is any previously overlooked validity to the T2 plaintiffs' claims. Indeed, rather than focusing on the claims made in this case, the Objectors instead focused their concern on the releases of unknown claims. However, not only are such releases commonplace, but given the past year of extensive discovery in which both the T2 plaintiffs and Cotter, Jr. were searching for anything damning of the Individual Defendants, there cannot be any reasonable likelihood of unknown claims.

1. Cotter Jr.'s citations to T2 Plaintiff testimony provides no support for Disapproval of the Settlement.

Cotter, Jr. urges this Court to deny approval, claiming that testimony by the principals of the T2 Plaintiffs somehow contradicts the Notice and press release wherein the T2 Plaintiff principals expressed their satisfaction with their investigation and the outcome of the litigation. Cotter, Jr. Objection, pp. 7-9. However, he fails to provide any examples of testimony that

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actually reveals any contradictions. The cited testimony reveals that Mr. Tilson believes that the Cotter's sisters engineered Cotter, Jr.'s termination; that Mr. Tilson would rather have persons he chose on the board of directors; and that Mr. Tilson believes the stock price was depressed because of a perception by investors that the Cotters control the company. However, nothing in this testimony suggests that Mr. Tilson believes that any Individual Defendant violated any fiduciary duties. Moreover, Mr. Tilson need not believe that RDI's officers are negligent or corrupt in order to have a personal preference for directors of his own choosing as referenced in his testimony.

Similarly, Mr. Glaser's cited testimony shows that he had *hoped* he could use the lawsuit to force his own choices onto RDI's Board of Directors; his speculation as to what would be wrong if certain facts were proven or what damages might have been suffered (which damages, would, of course, be recoverable only if there were proof of intentional misconduct). But none of this testimony shows any belief by Mr. Glaser that any Individual Defendant did, in fact, violate any fiduciary duties or that he otherwise believes he does not now have full information regarding RDI's governance.

Cotter, Jr. presumably cited to what he considers the most relevant testimony offered by Whitney Tilson and Jonathan Glaser. But none of that testimony supports his position. In short, Cotter, Jr.'s apparent belief that somehow this settlement was proposed over the objections of Tilson and Glaser is simply not supported by any evidence. Moreover, both Tilson and Glaser are parties to the settlement agreement.

2. Diamond A's hopes for the litigation are realized.

Despite Diamond A's objection, the press release issued by the T2 Plaintiffs makes clear that the objectives for the litigation of Diamond A's principal have been met. Mr. Shapiro testified to considering discussing joining in the intervention with Mr. Tilson. While Mr. Shapiro did not believe that Mr. Tilson articulated his goals, Mr. Shapiro explained his:

> Q. When he decided -- when he told you that he had decided he wanted to file the lawsuit, what did he say his goals were?

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> MR. RAISSI: If he did.
>
> THE WITNESS: I don't think he delineated his goals as specific. There was certainly an issue here that if Junior was to settle the suit, or that suit got thrown out, and intervenors weren't involved, that this case -- the company was trying to pursue and send this case into some kind of private arbitration forum. And the true dirt of what went down here and how much and if the shareholders were being abused by the family historically or currently would have never come to light. ***That was one of the main motivations and thoughts that I had in wanting to file this intervention suit, was to find out, what's going on? What happened here***?

Ex. A, Shapiro Depo., 170:2-20 (emphasis added).

Furthermore, Mr. Shapiro's testimony illustrates his knowledge of the lawsuit early on. Despite of having knowledge and an apparent "motivation" to file a suit in intervention, he did not do so. His decision not to intervene does not provide a basis to deny the settlement that has been put forth.

C. The Claims Would be Difficult to Enforce and the Prospect of Collection Low.

The claims asserted by the T2 Plaintiffs would be difficult to enforce with minimal chance of collection. This factor supports approval of the settlement. The claims alleged by the T2 Plaintiffs largely address differences of opinion as to the proper direction in which to take the Company rather than any actual conduct constituting breaches of the duty of loyalty or care. Any plaintiff bringing such claims would have considerable difficulty in enforcing the claims in any jurisdiction. However, Nevada sets a particularly high bar for plaintiffs, imposing statutory presumptions in favor of corporation management with respect to decision regarding the operation of the company. NRS 78.138. A similar presumption exists as to decisions regarding director compensation, regardless of the directors' own self-interest in such compensation. NRS 78.140(5). Furthermore, even if a breach of fiduciary duty could be found despite these presumptions of good faith and fairness, Nevada permits direct recovery against directors only when it is shown they engaged in intentional misconduct, fraud or a knowing violation of law. NRS 78.138(7). Significantly, neither fraud nor legal violations were even alleged by the T2 Plaintiffs.

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Furthermore, it has already been made clear that a significant part of the T2 Plaintiffs' case was headed for failure, given the denial of the T2 Plaintiffs' request for a preliminary injunction. That request was made based on theories that the Estate of Cotter, Sr. should not vote shares in its possession, a theory this Court rejected.

Finally, success at the conclusion of a trial is quite rare for derivative actions. *See* Thomas M. Jones, *An Empirical Examination of the Resolution of Shareholder Derivative and Class Action Lawsuits*, 60 B.U.L. Rev. 542, 544-45 (1980) (finding class and derivative lawsuits resulted in judgment for plaintiffs in less than one percent of cases). Thus, an objective assessment of the chances of receiving a monetary judgment reveal a low likelihood of success.

D. The Litigation Has Been Protracted and Costly.

This litigation has thus far proven quite costly, with extensive written discovery, more than a dozen depositions, many of which have been extended over multiple days, and frequent court hearings. Given the low prospect for recovery, it is little wonder that the T2 Plaintiffs wish to stop the bleeding. More to the point, however, RDI also wishes to put an end to the extensive waste of resources caused by this litigation. RDI has an obligation to indemnify its officers and directors, and thus bears the cost of defending each of the Individual Defendants, as well as representing its own interests. In addition to monetary resources, for which insurance caps draw ever closer, RDI's directors and management must devote considerable time and attention to the litigation. While approval of this Settlement will not end the entire litigation, it will allow RDI's remaining insurance reserves to be focused on the Cotter, Jr. claims, and will decrease the drain on RDI's management resources.

E. The Advantages of Settling Compares Favorably to Chasing a Phantom Recovery.

As noted above, the T2 Plaintiffs had little prospect for success of any kind, and still less for any significant monetary award. In these circumstances, settling is obviously advantageous. The "compromise," yields to RDI an end to a significant portion of this costly litigation. Indeed, the extensive cost of this litigation to RDI, in terms of its own monetary resources, the time to

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which both RDI's Board of Directors and its management have had to devote to the litigation, and in terms of reputation, is something that has generally been ignored by *all* of the Plaintiffs, even though, as stockholders, they suffer with the Company. The T2 Settlement calls a halt to much of this drain on resources, and that is a highly significant benefit that inures to RDI and its stockholders.

Furthermore, it is significant that, unlike many derivative actions, the settlement here does *not* include an award of attorneys' fees to the plaintiff's counsel. Such awards are most frequently paid by the corporation, and thus, ultimately by the stockholders. Here, however, the named T2 plaintiffs are bearing their own fees. Such a lack of a fee award fees to Plaintiffs' counsel demonstrates that the Settlement is not an example of a corporation buying off nuisance claims.

F. Objections Based on the Breadth of the Release are Unwarranted.

The Objectors contend that the releases are too broad. However, the release proposed here is far from atypical. In fact, the release is similar to that discussed in *In re Amerco Derivative Litig.*, 127 Nev. 196, 212, 252 P.3d 681, 693 (2011). In that case, a 1994 settlement between stockholders and the corporate defendants provided that each " shall be deemed to have ... fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, *which now exist or heretofore have existed.*" *Id.*[5] The use of such a broad release in 1994 demonstrates that the scope of the release here is customary, and not at all remarkable.

Moreover, it is a release that was proposed after the parties had been engaged in discovery relating to virtually every corporate decision made by the Individual Defendants over an extensive period of time. It is absurd to believe that there are, in fact, unknown claims that would not have been uncovered in the midst of such scrutiny.

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[5] The claims in *Amerco* were based on transaction that occurred subsequent to the settlement, and therefore, the release did not apply to them.

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Diamond A's singling out of a claim regarding compensation to Cotter, Sr., *i.e.*, the "golden coffin" claim, raised by the T2 Plaintiffs in its original Complaint in Intervention, and omitted in the First Amended Complaint, is unavailing. The abandonment of this claim six months after it was original posed by the T2 Plaintiffs simply reveals that the T2 plaintiffs realized it was unfounded, and therefore, properly excluded it from their amended complaint. Such a conclusion is warranted in light of the fact that Mr. Shapiro, who speaks and acts for Diamond A, has acknowledged that counsel for the T2 Plaintiffs is also his own counsel. **See Ex. A, Shapiro Depo., 304:8-10.**

G. The Views of the Parties Support Settlement.

Finally, the view of the parties to the settlement is, obviously, that settlement is in the best interests of all. It is significant that, despite notice having been sent to all of RDI record stockholders, only three objections to the settlement were filed. Moreover, one of those was brought by Cotter, Jr., who is obviously motivated by his own personal reasons, rather than a genuine concern over the Company or its stockholders. The other two objections were submitted by individuals who were fully aware of the litigation; indeed, Shapiro freely admits to have considered joining the intervention. But neither of these stockholders did join, and thus, they have not personally incurred the costs to prosecute the litigation that the T2 Plaintiffs and RDI have borne. The Non-Cotter Objectors insistence that they are entitled to some unspecified benefit, even while they ignore the brutal cost to the stockholders, through RDI, reveals their lack of objective analysis of the settlement. This is especially true given the minuscule hope of recovery.

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CONCLUSION

The T2 settlement is fair and reasonable to RDI and its stockholders. The Objectors have failed to present any evidence showing that the settlement is unfair on any basis. Accordingly, this Court should grant final approval of the Settlement.

DATED: September 30, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
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KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
TAMI D. COWDEN, ESQ.
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. 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 **READING INTERNATIONAL, INC.'S OMNIBUS REPLY TO OBJECTIONS TO T2 SETTLEMENT FILED BY JAMES J. COTTER, JR., MARK CUBAN, AND DIAMOND A PARTNER, LP** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. 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 30th day of September, 2016.

/s/ Joyce Heilich

An employee of GREENBERG TRAURIG, LLP

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EXHIBIT A

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

(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

point of no return kind of thing. 14:26:04

Q When he decided -- when he told you that he had decided he wanted to file the lawsuit, what did he say his goals were?

MR. RAISSI: If he did. 14:26:13

THE WITNESS: I don't think he delineated his goals as specific.

There was certainly an issue here that if Junior was to settle the suit, or that suit got thrown out, and intervenors weren't involved, that 14:26:25 this case -- the company was trying to pursue and send this case into some kind of private arbitration forum.

And the true dirt of what went down here and how much and if the shareholders were being 14:26:44 abused by the family historically or currently would have never come to light. That was one of the main motivations and thoughts that I had in wanting to file this intervention suit, was to find out, what's going on? What happened here? And can we have the 14:27:00 Court remedy family?

When I say "family," I mean all of them: Cotter Senior's historical and the sisters' present and Junior's potentially -- any malfeasance, any conflicts of interest, any abuse of the public 14:27:19

with five minutes. I'll wrap this up. 17:59:06

Q Mr. Uyeno works for Alex Robertson, correct?

A I guess so. I don't know him.

Q Okay. He just identified himself as working for Alex Robertson, correct? 17:59:14

A That's what I heard.

Q Okay. And Alex Robertson is your attorney, right?

A Yes. 17:59:23

Q Okay. So just now we had your attorney asking questions about what you would have included in the complaint that your attorney filed, correct?

MR. RAISSI: For clarification, counsel represented -- 17:59:35

MR. PARK: Objection to the extent it calls for a legal conclusion, vague. Go ahead.

MR. UYENO: And I join. Mark Uyeno.

MR. RAISSI: And I'd also say that it mischaracterizes the situation because I believe 17:59:52 counsel represents the intervening plaintiffs and not the witness here today.

MR. PARK: Join. Matt Park.

MR. UYENO: Join. Mark Uyeno.

THE WITNESS: My counsel today is Jahan. 18:00:01

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

ELECTRONICALLY SERVED
10/03/2016 04:13:10 PM

JOIN
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Attorneys for Plaintiffs and Intervenors, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company,

Derivatively On Behalf of Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivative on behalf of Reading International, Inc., Plaintiff, v. 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, and	Case No. A-15-719860-B [Coordinated with P-14-082942-E] Dept. No.: XI **BUSINESS COURT** **T2 PLAINTIFFS' JOINDER TO RDI'S OMNIBUS REPLY TO OBJECTIONS TO SETTLEMENT** Judge: Hon. Elizabeth Gonzales Date of Hearing: October 6, 2016 Time of Hearing: 8:30 a.m.

READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	
T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; et al., Plaintiffs, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 THROUGH 100, inclusive, Defendants, And,	
READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	

Plaintiffs and Intervenors, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company (hereinafter collectively referred to as the "T2 Plaintiffs"), by and through their counsel Robertson & Associates, LLP., hereby submits their Joinder to RDI's Reply to the

Objections to the T2 Settlement filed by James J. Cotter, Jr., Mark Cuban ("Cuban") and Diamond A. Partners, L.P. and Diamond A Investors, L.P. (collectively hereinafter "Shapiro") as follows:

I.

INTRODUCTION

Having been perfectly content to sit on the sidelines for the past year and let the T2 Plaintiffs' shoulder the financial burden of investigating James Cotter, Jr.'s claims of mismanagement and self-dealing by RDI's board of directors, Shapiro and Cuban both now object to scope of the release in the settlement based upon potential claims they themselves have failed to bring as intervenors. Having now reviewed approximately 22,000 documents produced by the Defendants, having reviewed nearly every significant board decision and corporate transaction over the past several years, and taken the depositions of each of the Defendants, the T2 Plaintiffs concluded that continued prosecution of their Complaint-In-Intervention would not be in the best interest of RDI's shareholders.

II.

SHAPIRO'S OBJECTION SIMPLY MIRRORS HIS PREVIOUS OPPOSITION TO PRELIMINARY APPROVAL OF THE SETTLEMENT

The objection filed by Diamond A Partners, L.P. and Diamond A. Investors, L.P. is simply a rehash of the very same arguments raised in their Opposition to Joint Motion for Preliminary Approval of Settlement. Specifically, these shareholders object to the settlement because the terms would release what Mr. Shapiro refers to in his declaration as the "Golden Coffin". The "Golden Coffin" refers to a Supplemental Retirement Plan established for James Cotter, Sr., which RDI disclosed in a 10-K filing on March 31, 2015. Although this "Golden Coffin" claim was included in the T2 Plaintiff's original complaint, it was intentionally omitted from their First Amended Complaint filed on February 12, 2016. Shapiro and any other shareholder who believed that this claim had merit could have intervened in this lawsuit to prosecute this claim. The fact that Shapiro has not intervened to pursue this claim should be considered by this Court when evaluating his objection to the settlement.

/ / /

III.

THE OBJECTIONS MISCHARACTERIZES THE BENEFITS CONFERRED ON THE SHAREHOLDERS FROM THIS SETTLEMENT

All of the Objectors incorrectly claim that the only consideration given for this settlement "is a joint press release and a mutual non-disparagement provision." However, this argument overlooks both the actual language of the settlement agreement. Specifically, section 3(a) of the Settlement Agreement provides, in pertinent part:

> "T2 Plaintiffs believe that Defendants will continue to act in good faith to use best practices with regard to board governance, protection of stockholder rights, and maximizing value for all its stockholders, which actions shall include (i) providing to the Compensation Committee's independent compensation consultant the names of certain companies previously suggested by the T2 Plaintiffs as possible market comparables for consideration in 2017 and (ii) the Company anticipates continuing to hold regular corporate earnings conference calls and to continue to engage with investors around earnings. Further, Management has informed T2 that incident to the financing of pre-development activities at the site, it anticipates refinancing the existing loan between Reading and Sutton Hill Properties, LLC."

First, at their own expense, the T2 Plaintiffs commissioned a compensation consultant to prepare a list of comparable companies in the same industry as RDI to be used as a peer group for RDI's Compensation Committee to consider when setting the 2017 compensation for RDI's officers and executives. This alleviates one of the T2 Plaintiffs' claims that excessive compensation of RDI executives constituted corporate waste. Further, shortly after signing the settlement agreement, RDI presented to investors at the B. Riley & Co. investors conference on September 13, 2016 as part of its effort to "engage with investors" as promised in the settlement agreement. See, RDI Press Release, dated August 31, 2016 attached hereto as Exhibit "A". Finally, RDI has promised to repay the $2,910,000 loan made by RDI to Sutton Hill Properties, LLC. ("SHP"), which owns Cinemas 1,2,3. SHP is owned 75% by Citadel Cinemas, Inc. (an RDI affiliate) and Sutton Hill Capitol. Sutton Hill Capital is owned by Sutton Hill Associates, which is a 50/50 general partnership between James Cotter, Sr. and Michael Forman. No interest on the $2,910,000 has ever been paid to RDI and the loan was not repaid when the Cinemas 1, 2, 3 property was refinanced several years ago. Thus, part of the consideration for the settlement is the Defendants' promise that this $2,910,000 loan would be repaid to RDI as part of the financing of

the pre-development activities for Cinemas 1,2,3. This is a significant benefit to all RDI shareholders to have this loan repaid to RDI by entities which were owned and controlled by James Cotter, Sr.

All of these actions by RDI are tangible benefits to RDI's shareholders which were negotiated by the T2 Plaintiffs. Thus, the consideration for the settlement is not just a "press release and a mutual non-disparagement agreement" as the objectors claim.

IV.

THE CONTROL OF THE RDI VOTING STOCK WILL BE DETERMINED IN THE PENDING TRUST LITIGATION IN CALIFORNIA

As RDI correctly points out in its Reply, the T2 Plaintiffs unsuccessfully moved this Court for a preliminary injunction seeking to enjoin the Cotter siblings from voting 696,080 Class B voting shares owned by the Cotter Family Trust, because the only trustee identified on RDI's books and records was the deceased James Cotter, Sr. However, unbeknownst to the T2 Plaintiffs at the time they filed their motion, this Court had previously ruled prior to T2's intervention that Margaret Cotter could, for the purpose of the 2015 annual shareholder meeting, vote those shares as the sole trustee of the trust based upon the 2013 Amendment to the trust and ignore the 2014 "Hospital Amendment" which changed the trustees to both Margaret Cotter and James Cotter, Jr. Thus, when their motion for preliminary injunction was denied, the T2 Plaintiffs realized that it was futile to continue to litigate the propriety of Margaret Cotter voting the disputed shares at the 2015 or 2016 annual shareholder meetings, and that the decision concerning who the proper trustee(s) were was going to have to be made in the California trust litigation.

V.

CONCLUSION

Having spent considerable money to look under the hood and kick the proverbial tires of RDI, the T2 Plaintiffs concluded that despite the acrimony between the Cotter siblings, there was no evidence of intentional misconduct, fraud or a knowing violation of the law by the board of directors. While the board's decisions on certain matters may not have followed "best practices", the law in Nevada requires a much higher standard to prove breach of fiduciary duty. For all of

the foregoing reasons, and those outlined in RDI's omnibus reply, the T2 Plaintiffs respectfully urge this Court to grant final approval of the settlement.

DATED this 3rd day of October, 2016.

ROBERTSON & ASSOCIATES, LLP

/ s / AlexanderRobertson, IV

By: _____

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Attorneys for Plaintiffs and Intervenors, T2 PARTNERS MANAGEMENT, LP, et al.

EXHIBIT "A"

Published on *Reading International Investor Center* (http://investor.readingrdi.com) on 08-31-2016

Reading International To Present at Investor Conference

Release Date:
8/31/16 9:00 am EDT

Terms:
Corporate [1]

Dateline City:
LOS ANGELES

LOS ANGELES--(BUSINESS WIRE [2])--Reading International, Inc. (NASDAQ: RDI), an international motion picture exhibition and real estate company, announced today that its Senior Management will be presenting at the upcoming B. Riley & Co.'s 2nd Annual Consumer Conference:

- Tuesday, September 13, 2016 at the Sofitel New York Hotel, located at 45 W. 44th Street, New York, NY 10036
- The presentation will take place at 9:30 a.m. EDT
- 1-on-1 investor meetings will be held throughout the day until 1:30 p.m. EDT

Dev Ghose – Executive Vice President and Chief Financial Officer and Andrzej Matyczynski – Executive Vice President-Global Operations, will provide an overview of Reading's operations and performance.

About Reading International, Inc.

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

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

Reading manages its worldwide business under various brands:

- in the United States, under the
  - Reading Cinema brand (http://www.readingcinemasus.com [4]);
  - Angelika Film Center brand (http://www.angelikafilmcenter.com [5]);
  - Consolidated Theatres brand (http://www.consolidatedtheatres.com [6]);
  - City Cinemas brand (http://www.citycinemas.com [7]);
  - Beekman Theatre brand (http://www.beekmantheatre.com [8]);
  - The Paris Theatre brand (http://www.theparistheatre.com [9]);
  - Liberty Theatres brand (http://libertytheatresusa.com [10]); and
  - Village East Cinema brand (http://villageeastcinema.com [11])
- in Australia, under the
  - Reading Cinema brand (http://www.readingcinemas.com.au [12]);
  - Newmarket brand (http://readingnewmarket.com.au [13]); and
  - Red Yard brand (http://www.redyard.com.au [14])
- in New Zealand, under the
  - Reading brand (http://www.readingcinemas.co.nz [15]);
  - Rialto brand (http://www.rialto.co.nz [16]);

- Reading Properties brand (http://readingproperties.co.nz [17]);
- Courtenay Central brand (http://www.readingcourtenay.co.nz [18]); and
- Steer n' Beer restaurant brand (http://steernbeer.co.nz [19])

Forward-Looking Statements

This press release contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are qualified by the inherent risks and uncertainties surrounding future expectations generally and also may materially differ from actual future experience involving any one or more of such statements. The inclusion of a forward-looking statement in this press release should not be regarded as a representation by Reading International that its objectives will be achieved. Reading International undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.

Language:
English

Contact:

Reading International, Inc.
Dev Ghose, 213-235-2240
Executive Vice President & Chief Financial Officer
or
Andrzej Matyczynski, 213-235-2240
Executive Vice President - Global Operations

Ticker Slug:

Ticker: RDI
Exchange: NASDAQ
ISIN:
US7554081015

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CERTIFICATE OF SERVICE

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 3RD day of October, 2016, I served a true and correct copy of **T2 PLAINTIFFS' JOINDER TO RDI'S OMNIBUS REPLY TO OBJECTIONS TO SETTLEMENT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

PLEASE SEE THE E-SERVICE MASTER LIST

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

/ s / ANN RUSSO

An employee of ROBERTSON & ASSOCIATES, LLP

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

CASE NO.: A-15-719860-B
DEPT. NO. XI

Coordinated with:

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

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

Jointly Administered

Business Court

PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO VACATE AND RESET PENDING DATES AND TO REOPEN DISCOVERY ON SHORTENED TIME (Fourth Request)

Date:
Time:

2011029866_12011013774_1

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Pursuant to EDCR 2.26, 2.35 and 7.30 Plaintiff James J. Cotter, Jr. ("Plaintiff") hereby moves on shortened time for an order that (i) vacates and/or resets all pending dates and deadlines, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances (the "Motion").

This Motion is based upon the pleadings and papers on file, the exhibits attached hereto, the following memorandum of points and authorities, and any oral argument.

DATED this 7th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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ORDER SHORTENING TIME

It appearing to the satisfaction of the Court and good cause appearing therefor,

IT IS HEREBY ORDERED, that the hearing on James J. Cotter, Jr.'s Motion To Vacate And Reset Pending Dates And To Reopen Discovery On Shortened Time shall be heard before the above-entitled Court in Department XI, before Judge Elizabeth Gonzalez, on the 1st day of Nov, 2016, at 8:30 a.m./p.m., or as soon thereafter as counsel may be heard, at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, Nevada 89155.

DATED this 7th day of October, 2016.

DISTRICT COURT JUDGE

Respectfully submitted:
LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
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DECLARATION OF MARK G. KRUM IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO REOPEN DISCOVERY AND VACATE ALL PENDING DATES ON ORDER SHORTENING TIME

I, Mark G. Krum, Esq., being duly sworn, deposes and says that:

1. I am a partner with the law firm of Lewis Roca Rothgerber Christie LLP, attorneys for James J. Cotter, Jr. as plaintiff in the captioned action ("Plaintiff").

2. I make this declaration based upon personal knowledge, except where stated to be upon information and belief, and as to that information, I believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally competent to testify to the contents of this Declaration in a court of law.

Reason for Order Shortening Time

3. Pursuant to EDCR 2.26, there is good cause to hear this motion on shortened time. Notwithstanding the good faith and diligent efforts of counsel for Plaintiff to complete fact discovery, it is not yet complete, for the reasons referenced and described herein. It therefore will be impossible for the parties to satisfy their obligations in connection with the pre-trial conference, scheduled for two weeks hence. Separately, expert discovery has not commenced. Independent of the foregoing, certain of the parties and possibly counsel have and/or are likely to have irreconcilable conflicts in terms of being available in November on the dates on which this case may be sent out for trial.

4. For all of these reasons, Plaintiff respectfully submits that there is good cause for this Motion to be heard on shortened time, no later than August 13, 2016.

Fact Discovery is Incomplete

5. Plaintiff previously described Defendants' delayed document productions, including approximately 20,000 pages of documents at the agreed deadline in mid-April and then approximately 15,000 pages *after* that deadline. Defendants then delivered a supplemental privilege log approximately with approximately 4,000 entries on or about May 25, 2016, right before the initial discovery cut-off. This delayed production schedule caused depositions to be delayed so that they could not be completed, even in the extended time made available.

6. The foregoing delays caused other delays, including regarding disposition of

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privilege issues raised by the individual director defendants' invocation of the business judgment rule and reliance on advice of counsel accompanied by the simultaneous withholding of documents reflecting that advice and the instruction of deponents not to answer questions calling for disclosure of it. Those delays continue, as described herein.

7. On August 30, 2016, the Court granted Plaintiff's "advice of counsel" motion. Thereafter, the parties submitted competing orders, notwithstanding what Plaintiff believed to be a perfectly clear ruling and direction of the Court at the August 30, 2016 hearing. On October 3, 2016, the Court signed an Order granting Plaintiff's "advice of counsel" motion which the Court itself prepared.

8. Neither the Company nor for the Individual Defendants have provided any indication as to when (what may be hundreds of) "advice of counsel" documents required to be produced pursuant to the Order referenced immediately above will be produced. In fairness, they may not yet know the full scope of what they have to produce, much less when it will be produced. (See Ex. A hereto, which is an excerpt of certain of their privilege logs referencing advice of counsel regarding the supposed 100,000 share option.)

9. On August 30, 2016, the Court also granted in part Plaintiff's motion seeking discovery with respect to the so-called Offer received by the Company on or about May 31, 2016. The court ordered documents produced in fourteen (14) days. Counsel for the Interested Director Defendants thereafter indicated that documents would be produced shortly, but failed to provide a date certain for doing so and, ultimately, did not produce a single document. (See Ex. B hereto, which is an email exchange between counsel.) Counsel for the Company produced documents belatedly, late on Friday, September 16, 2016. For reasons counsel for Plaintiff has discussed with counsel for the Company, which cannot be described in a publicly available document, it is Plaintiff's position that that Defendants, or at least EC and nominal defendant RDI, have not yet completed their production of documents the Court ordered to be produced regarding the Offer.

10. Also with respect to the Motion to compel discovery regarding the Offer, the Court ordered that RDI produce a Rule 30(b)(6) witness. During a scheduling call among counsel on or about Monday, October 3, 3016, counsel for the Company indicated that that witness would be

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Ellen Cotter. No proposed dates for that deposition have been provided.

11. In short, document discovery—meaning document discovery as part of fact discovery—remains incomplete. More particularly, the production of documents ordered by the Court remains incomplete.

12. Likewise, percipient witness depositions remain incomplete. In fact, due largely if not entirely to the fact that document discovery has not been completed, as described above, depositions of the remaining fact witnesses have not been scheduled, much less taken.

13. Craig Tompkins, whose deposition now obviously will entail more substantive testimony and fewer instructions to not answer based on assertions of attorney-client privilege, has not been scheduled, much less taken. This includes depositions the court ordered, namely, the resumption of the deposition of defendant McEachern and the deposition of a Rule 30(b)(6) witness from the Company (who will be Ellen Cotter) regarding the Offer.

14. The deposition of director defendant Judy Codding has not been scheduled, much less taken. The deposition of director defendant Guy Adams, which was commenced but not concluded previously, has not been scheduled, much less taken. Likewise, the deposition of Doug McEachern, which the Court ordered to resume with respect to the subject of the Offer, also has not been scheduled, much less taken. Nor has the final half day (3.5 hours) of Plaintiff's deposition has been scheduled.

Defendants Again Have Invoked Advice of Counsel But Failed to Produce It.

15. During the course of the call among counsel on Monday, October 3, 2016 regarding scheduling, and in particular with respect to production of documents by defendants in response to the Court's orders described above, counsel for Plaintiff explained that he understood the Court to have ordered Defendants to produce any and all attorney advice on which they claim to have relied in taking actions or making decisions regarding matters raised in this case. The stated point was that such attorney-client communications need to be produced before the depositions are resumed, so that the depositions can be concluded, instead of adjourned to litigate again the non-production of attorney-client communications on which the individual director defendants claim to have relied in deciding his or her conduct complained of in this action and/or instructions of counsel at

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deposition that a director defendant not answer a question because it called for attorney-client communications on which the director relied. The response of counsel for the Interested Director Defendants was to the effect that *they do intend to claim that they relied on counsel when they did so*, but that they are not producing documents reflecting the attorney advice. Whether that refers to advice of counsel referenced in their summary judgment motions, or to advice of counsel mentioned in their deposition testimony, or to something else, is unclear. (See Ex. C hereto, which are excerpts of deposition testimony in which they reference advice of counsel.)

16. Any doubt that Defendants intend to rely on advice of counsel is put to rest by the fact that many of the so-called motions for summary judgment filed by the Individual Director Defendants include assertions that, in making the decisions and/or taking the actions they made or took which are challenged by Plaintiff in this action, they relied on the advice of counsel. Examples are discussed below, in the accompanying brief.

Expert Discovery Has Not Commenced, Much Less Concluded.

17. Expert discovery has not commenced. The parties collectively have designated ten (10) experts. To date, only reports have been produced, not documents. Seven of ten of the expert depositions have been scheduled (in Los Angeles, New York, Boston and Philadelphia), but none have been taken.

Additional Conflicts Exist

18. Three of the parties, namely, Plaintiff, Ellen Cotter and Margaret Cotter, will be in trial in the so-called California Trust Action on November 14 and 15 and November 28 through December 1. Of course, they cannot be two places at one time. It would be prejudicial to Plaintiff to be absent for even one day of trial in this case. Separately, lead trial counsel for Plaintiff is faced with an independent conflict, one possible and imminent resolution of which would make him unavailable to proceed with the trial of this matter.

19. Pursuant to EDCR 7.30, 2.35 and 2.34, for those same reasons and other independent reasons there is good cause for this Court to allow unfinished fact discovery including discovery ordered by the Court, to be completed, to vacate all dates, including the October 21, 2016 pretrial conference, and to continue the trial date in this matter.

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20. Prior to filing this Motion, counsel for Plaintiff on October 6, 2016 spoke with Defendants' counsel in good faith concerning the nature of this motion and seeking consent to the requested relief. Counsel for Defendants indicated that they would oppose this motion.

21. This Declaration and Motion is made in good faith and not for the purpose of delay.

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

Executed this 7th day of October, 2016.

Mark G. Krum, Esq.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff James J. Cotter, Jr. ("Plaintiff") hereby moves on shortened time for an order that (i) vacates and/or resets all pending dates and deadlines, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances (the "Motion"). This Motion is precipitated by several independent factors, each of which individually warrants the relief sought.

The parties have been unable to complete fact discovery. Document production by defendants is not complete, including the production of documents ordered by the Court. Nor are depositions of percipient witnesses, including two ordered by the Court. Separately, the individual defendants' motions for summary judgment repeatedly invoke reliance on the advice of counsel as part of invoking the business judgment rule – but they have withheld the attorney advice as privileged. Entirely separately, expert discovery has not commenced. Finally, Plaintiff, EC and MC face scheduling conflicts due to the trial schedule in the prior pending California Trust Action and, separately, lead trial counsel may well soon be unavailable for trial.

By way of context and reminder, document production by defendants was back-loaded. That delayed depositions, which occurred on an almost weekly basis for a solid three months, but were not completed. These delays, in turn, delayed the resolution of other discovery issues such

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that, on August 30, 2016, the Court (again) ordered Defendants to produce documents and deponents. Now, in October, the document productions the Court ordered on August 30, 2016 are not complete.

Percipient witness depositions remain unscheduled, much less finished. Depositions of two defendants (Codding and Tompkins) have not been commenced. The deposition of another defendant (Adams) has not been completed. The Court ordered deposition of McEachern has not been scheduled and the Court ordered deposition of the Company's Rule 36(b)(6) witness regarding the offer has not been scheduled. Codding, Adams, McEachern and the Company's Rule 30(b)(6) designee will be the first depositions Plaintiffs will take regarding the Offer, discovery the Court ruled Plaintiff was entitled to take. These depositions cannot be concluded, and ought not be commenced to be concluded, until the required production of documents has been completed.

Other document production and privilege related issues also remain—as evidenced by the motions for summary judgment filed by the individual defendants that invoked advice of counsel as part of their invocation of the business judgment rule in defense of certain of their challenged conduct. In several of their purported summary judgment motions, the Individual Director Defendants defend their challenged actions by claiming that they relied on counsel. But, and contrary to what the Court on August 30, 2016 directed, they have not produced the advice of counsel documents on which they claim to rely. Thus, they are doing exactly what the Court told them they cannot do – using attorney/client privilege as a sword and shield.

Of course, Plaintiff is entitled to present his entire case, meaning all matters that evidence and give rise to same claims for breach of fiduciary duty, and to have had an opportunity to have conducted full and fair discovery with respect to all such matters. Conversely, Plaintiff should not be prejudiced because the Defendants delayed their document productions, caused depositions to be delayed so that they could not be completed even in the extended time made available and, now, have not yet complied with the Court's orders of August 30, 2016, such that neither document discovery nor percipient witness depositions have been completed – nor can either be completed such that the parties can satisfy their obligations in connection with the pretrial

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conference set for approximately two weeks hence.

Counsel for nominal Defendant RDI will complain that the trial date is set and should be maintained. But, the trial date has been in jeopardy for *months* due largely, if not entirely, to Defendants' own conduct, and is not more important than the substantive rights and considerations identified herein, which clearly warrant granting this Motion.

II. PROCEDURAL AND FACTUAL BACKGROUND

A. Defendants Have Not Produced Documents the Court Ordered Produced and Percipient Witness Depositions, Including As Ordered By the Court, Remain to be Taken.

On August 30, 2016, the Court granted in part Plaintiff's motion seeking discovery with respect to the so-called Offer received by the Company on or about May 31, 2016. The court ordered documents produced in fourteen (14) days. Counsel for the Interested Director Defendants thereafter indicated that documents would be produced shortly, but failed to provide a date certain for doing so and, ultimately, did not produce a single document. (See Ex. B hereto.) Counsel for the Company produced documents belatedly, late on Friday, September 16, 2016. For reasons counsel for Plaintiff has discussed with counsel for the Company, which cannot be described in a publicly available document, it is Plaintiff's position that that Defendants, or at least EC and nominal defendant RDI, have not yet completed their production of documents the Court ordered to be produced regarding the Offer.

Plaintiff has had no opportunity to take discovery with respect to the Offer, what RDI management did at the direction of EC in purporting to value the Company and what if anything any of the Individual Director Defendants did to place themselves in a position to make an informed, good faith decision in the best interests of the Company and all of its shareholders, as distinct from a decision intended to accede to the wishes of EC and MC, who obviously are intent on perpetuating their control of RDI indefinitely, in derogation of the interests of the Company and its other shareholders. Plaintiff has not deposed a single person regarding the Offer.

Separately, as the Court will recall, Adams and Kane, the two members of the RDI Board of Directors Compensation Committee who authorized the exercise by EC and MC as executors of the Estate of James J. Cotter, Sr. of a supposed option to acquire 100,000 shares of RDI Class B

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voting stock, testified in deposition that they did so based on the advice of counsel, including advice from Tompkins. The Court granted Plaintiff's motion to compel the production of such documents. On October 3, 2016, the Court signed an order specifying the documents Defendants are required to produce. When (and perhaps whether) defendants will comply is unknown.

Neither Court ordered nor agreed depositions have been completed. The deposition of Craig Tompkins, which counsel for Plaintiff has sought since mid-May, cannot be scheduled until Defendants have complied with the Court's order signed on October 3, 2016, regarding certain "advice of counsel" documents. The deposition of defendant Adams has been commenced and not concluded, and is not now rescheduled for conclusion because Adams testified at a prior session that, in making a decision to authorize the exercise of a supposed option to acquire 100,000 shares of RDI class B stock, he relied on the advice of counsel. On August 30, the Court ordered the documents produced. On October 3, the Court signed an Order specifying what documents have been produced. None of these documents have been produced. Nor are the depositions of defendant Codding (agreed) or defendant McEachern (ordered by Court) been scheduled. Nor can they be taken until the documents required to be produced have been produced.

As the foregoing reflects, the depositions will not be completed until a time yet to be determined, through no fault of counsel for Plaintiff, who has proceeded more than diligently to attempt to conduct and complete depositions.

B. Privilege Issues – Including New Advice of Counsel Invocations by the Individual Director Defendants - Remain Unresolved

As noted above, the individual director defendants in their motions for summary judgment repeatedly have cited to their reliance on advice of counsel in invoking the business judgment rule to defend certain of their challenged conduct. Dutifully ignoring the Court's August 30 ruling and its October 3 Order, the Individual Director Defendants repeatedly include in their MSJs assertions that, in making the decisions and/or taking the actions they made or took which are challenged by Plaintiff in this action, they relied on the advice of counsel, but do so without having produced that advice.

For example, the "Individual Defendants' Motion for Summary Judgment (No. 1) re: Plaintiff's Termination and Reinstatement Claims" ("MSJ No. 1") recites that "outside counsel"

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attended RDI Board of Directors meetings at which the termination of Plaintiff was discussed, but MSJ No. 1 does not provide an unredacted version of the meeting minutes (or allow the director defendants at deposition declined to disclose the attorney-client communications on which they no claim to have relied.) MSJ No. 1 states, for example, as follows:

> Outside counsel retained by the Company also attended a May 21, 2015 board meeting to provide corporate law advice where appropriate. (Citation omitted).

(MSJ No. 1 at 9:21-24.)

Likewise MSJ No. 1 (at p. 19, fn. 4) states unequivocally as follows:

> The fact that the RDI Board utilized the Company's outside counsel and its own counsel, separately retained, when evaluating Plaintiff's performance and its duties is further evidence of the exercise of protected business judgment. [Citation omitted.]

(MSJ No. 1 at 20:21-22.)

In "Individual Defendants' Motion for Partial Summary Judgment (No. 2) the Issue of Director Independence" (MSJ No.2), in discussing the issue of whether defendant Adams was independent in view of his financial dependency on income from companies controlled by EC and MC, MSJ No. 2 states that:

> …Bill Ellis, then General Counsel of RDI looked into the issue of Adams' independence and concluded that Adams met the standard required for director 'independence'[.]"

(MSJ No. 2 at 10:19-20.)

Additionally, the separate motion for summary judgment brought by defendant Gould invokes reliance on counsel. For example, with respect to the subject of Adams' financial independence on income from companies controlled by EC and MC, Gould argues that he was entitled to rely on counsel for RDI to handle such issues by "vetting [D&O] questionnaires for issues such as financial independence." (Gould MSJ at 13:2-6.) However, neither Adams' not Goulds' communications with RDI counsel about such matters have been produced.

Likewise, Gould's MSJ invokes reliance on counsel with respect to RDI's SEC filings, some of which contained information Gould personally had asserted was incorrect, including, for example, the Company's June 18, 2015 Form 8-K that announced the termination of President and

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CEO of RDI also asserted that Plaintiff was required to resign as a Director upon termination of his employment as an executive, a position Gould explicitly testified was erroneous. Gould's MSJ states that "Gould relied on Reading's lawyers to decide if and when a disclosure in an SEC filing was required." (Gould MSJ at 13:22-25). However, neither RDI nor Gould produced drafts of RDI's SEC filings or attorney-client communications about them.

See also Gould MSJ 28:16-18:

> And Gould reasonably relied on counsel to vet the questionnaires for issues such as financial independence—something he was *entitled under Nevada law to do.* (Citing NRS 78.138(2)(a).)

Thus, the individual director defendants must, in view of the Court's prior order, produce evidence of the advice of counsel on which they claim to rely. (Obviously, Plaintiff is entitled to discovery to test those claims.)

This Court had not have been clearer in its ruling: if the Individual Defendants are going to assert the business judgment rule and say that they sought and received advice of counsel in connection with any challenged conduct or decision, then they must produce that advice. [Transcript of Proceedings, August 30, 2016, attached as Appendix D, at 12:8-16:21] The Interested Defendants in deposition referred to advice of counsel in connection with the following:

- Adams' conflict of interest on issues involving his private investments. [Deposition of Guy Adams, April 28, 2016, at 47:14-48:20, attached as Appendix C]
- Completion of a D&O Questionnaire. [Deposition of Guy Adams, April 28, 2016, at 124:7-25 & 147:4-8, attached as Appendix C]
- Removal of James J. Cotter, Jr. as CEO. [Deposition of Guy Adams, April 28, 2016, at 125:23-130:22 & 228:23-230:13, attached as Appendix C]
- Disclosures to investors at the 2015 ASM. [Deposition of Guy Adams, April 28, 2016, at 125:23-127:8, attached as Appendix C; Deposition of William Gould, June 29, 2016, at 32:8-18, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 183:15-24, attached as Appendix C]
- MC and EC's exercise of the 100,000 share option. [Deposition of Guy Adams, April 28, 2016, at 214:3-222:7, attached as Appendix C; Deposition of Ellen Cotter, May 19, 2016, at 172:1-25, attached as Appendix C; Deposition of Edward Kane, May 2, 2016, at 104:13-105:9, attached as Appendix C; Deposition of Edward Kane, June 9, 2016, at 19:6-20:4]
- The Board's actions to oust Tim Storey. [Deposition of Guy Adams, April 29, 2016, at 38:12-39:15, attached as Appendix C; Deposition of Ellen Cotter, May 19,

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2016, at 59:18-61:8, attached as Appendix C; Deposition of Douglas McEachern, July 7, 2016, at 19:4-9, attached as Appendix C]

- Codding's appointment to the Board. [Deposition of Guy Adams, April 29, 2016, at 49:25-50:14 & 52:3-15, attached as Appendix C]

- Compilation of the 2015 Proxy Statement. [Deposition of Guy Adams, April 29, 2016, at 54:17-23, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 180:13-181:1 & 184:2-15, attached as Appendix C]

- Repopulating and reorganizing the Executive Committee. [Deposition of Guy Adams, April 29, 2016, at 140:18-141:20, attached as Appendix C; Deposition of William Gould, June 29, 2016, at 3:12-22, attached as Appendix C]

- The search and hire process for a new CEO for RDI, including MC's participation on the CEO Search Committee. [Deposition of Margaret Cotter, June 15, 2016, at 123:17-21 & 129:4-132:16, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 18:16-24, attached as Appendix C]

- Preparation of SEC filings. [Deposition of William Gould, June 29, 2016, at 19:2-20:11 & 91:14-18, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 184:2-15, attached as Appendix C]

- Permitting EC and MC the right to vote Class B voting stock. [Deposition of Edward Kane, May 2, 2016, at 94:1-100:20, 105:1-9, 109:11-13, 112:9-24, attached as Appendix C]

- Imposition of blackout periods preventing Plaintiff from selling stock. [Deposition of Edward Kane, June 9, 2016, at 16:16-19, attached as Appendix C]

It has been more a month since this Court granted Plaintiff's Motion to Compel Advice of Counsel, and none of the communications the Individual Director Defendants apparently relied upon—including the ones cited in their MSJs-- have been produced.

Finally, yet another privilege issue is the extent to which the Defendants possess, and are using, documents as to which Plaintiff would claim attorney-client privilege, attorney work product or both, discussed below. In this case, that issue arose when counsel for the Interested Director Defendants at Plaintiff's deposition showed him a document he had prepared at the direction of counsel for use in litigation, which document had been produced by the Company. Although that particular document was clawed back pursuant to provisions of the Confidentiality Stipulation and Protective Order in place in this case, it appears that the Company has accessed documents of Plaintiff that he had accessed by his work computer. Given the substantial volume of documents produced, particularly by the Company, and the rolling manner in which they were produced, Plaintiff has been unable to assure himself that other such documents are not included

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in the Company's production and/or in the possession of counsel for the Interested Director Defendants.

C. Expert Discovery Has not Commenced

Collectively, the parties have designated ten (10) experts. Expert discovery has not commenced. Only expert reports have been produced, but none of the documents to be produced in connection with expert depositions of been produced. Seven of the ten expert depositions have been scheduled, to occur across the country in Los Angeles, New York, Boston and Philadelphia, with additional depositions in Los Angeles and Palo Alto remaining to be scheduled. If these expert depositions proceed as scheduled, there will be literally no time in which to attempt to complete fact discovery.

D. The Parties and Counsel Have Scheduling Conflicts [TBP]

Three of the parties, namely, Plaintiff, Ellen Cotter and Margaret Cotter, will be in trial in the so-called California Trust Action on November 14 and 15 and November 28 through December 1. Of course, they cannot be two places at one time. It would be prejudicial to Plaintiff to be absent for even one day of trial in this case. Separately, lead trial counsel for Plaintiff is faced with an independent conflict, one possible and imminent resolution of which would make him unavailable to proceed with the trial of this matter.

II. ARGUMENT

A. Plaintiff Is Entitled to Raise and Pursue All Matters Supporting His Claim, and Complete Discovery Regarding Them.

The Court may modify the pretrial schedule if it cannot be met, despite the diligence of the party seeking the extension. As explained above, Plaintiff maintained that a reasonable extension of all deadlines is equitable. Plaintiff diligently has pursued discovery, as previously demonstrated to the Court. It is fundamentally fair to reopen discovery[1] on critical issues that may affect the outcome of this case. Plaintiff deserves the opportunity to have her case heard on the merits. That

[1] The decision to reopen discovery is within the trial court's discretion. *Southern Pacific Trans. Co. v. Fitzgerald*, 94 Nev. 241, 243, 577 P.2d 1234, 1235 (1978); *Bleek v. Supervalu, Inc.*, 95 F.Supp.2d 1118, 1120 (D.Mont. 2000) ("[w]hether to reopen discovery rests in the court's sound discretion"); *Schrader v. Palos Anesthesia Associates, S.C.*, 2002 WL 31207327, *1 (N.D.Ill. 2002) ("court has discretion when deciding whether to re-open discovery"); *MGM Grand, Inc. v. Eighth Judicial Dist. Court of State In & For Cty. of Clark*, 107 Nev. 65, 70, 807 P.2d 201, 204 (1991) ("there is wide discretion in the trial court to control the conduct of pretrial discovery...")

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requires the relief sought by this motion.

The whole purpose of pretrial discovery is to "make trial less a game of blindman's bluff and more a fair contest with the basic issues and facts disclosed to the fullest practicable extent." *See United States v. Procter & Gamble Co.*, 356 U.S. 677, 682, 78 S. Ct. 983 (1958). Specifically, the parties have thousands of recently produced documents to sift through, several party depositions left to conduct and/or complete (i.e. Thompkins, Adams etc.), several privilege issues to resolve (i.e. including allegedly improper claims of privilege), and new information concerning the Offer and the Settlement. To deny this Motion for a reasonable extension would deny Plaintiff the opportunity to conduct meaningful and thorough discovery in this case prior to trial. It would be contrary to the "efficient and fair administration of justice." *Mays v. Eighth Judicial Dist. Court*, 105 Nev. 60, 62, 768 P.2d 877, 878 (1989).

In short, pursuant to EDCR 2.35 and 7.30, Plaintiff's Motion makes the required showing of good cause or excusable neglect.

1. There is Good Cause to Re-Open Discovery, Extend Discovery Deadlines, and Continue Trial

There is good cause to grant Plaintiff's requested relief. Decisions about whether to extend discovery "must be made in an atmosphere of substantial justice." *Hernandez v. Superior Court*, 9 Cal.Rptr.3d 821, 825 (Cal. Ct. App. 2004). Courts must never favor the expeditious disposition and economically effective operation of courts above due process or fairness, which includes opportunity for adequate pretrial preparation by parties. *Id.* at 825 (issuing writ requiring an extension of discovery); *see also Waters v. Island Transp. Corp.*, 552 A.2d 205, 208 (N.J. Super. Ct. App. Div. 1989). "Efficiency cannot be favored over justice." *Estate of Meeker,* 16 Cal.Rptr.2d 825, 830 (Cal. Ct. App. 1993) (reversing denial of petition for continuance). Good cause takes into account the diligence of the party seeking the extension.

Furthermore, a postponement of the trial setting is critical in this case. The Court may grant the continuance of trial upon a showing of good cause. *See* EDCR 7.30 ("any party may, for good cause, move the Court for an Order continuing the day set for trial of any cause.") It is well settled that "[t]he granting of a continuance is within the sound discretion of the [trial] court."

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Dixon v. State, 94 Nev. 662, 664, 548 P.2d 693, 694 (1978). The trial court has discretion to grant a continuance upon the showing that the application for continuance is made in good faith and not merely for delay. *Giorgetti v. Peccole*, 69 Nev. 76, 80, 241 P.2d 199, 201 (1952). Pursuant to EDCR 7.30(h), "motions or stipulations to continue a civil trial that also seek extension of discovery dates must comply with Rule 2.35."

Due to the sheer number of unknown variables, such as unscheduled, remaining fact depositions, privilege issues and new discovery concerning the Offer – as well as expert discovery, which has not commenced – good cause exists for a reasonable global deadline extension. *See Hormel v. Helvering*, 312 U.S. 552, 557 (1941) ("[o]rderly rules of procedure do not require sacrifice of the rules of fundamental justice.")

Furthermore, the interests of fairness and justice weigh in favor of the relief sought. As explained above, Plaintiff has not been dilatory in prosecuting its case. Plaintiff has participated in weeks of deposition over a period of at least three months, all taken out-of-state, in Los Angeles, San Diego and New York. Adhering to the current scheduling order would rob Plaintiff of critical discovery on key issues, including discovery the Court ordered be provided to Plaintiff. For the reasons articulated above, there is good cause to provide a reasonable continuance of dates to facilitate critical discovery.

2. In the Alternative, If Required to Re-Open Discovery, These Circumstances Meet the Definition of Excusable Neglect

In the alternative, if and to the extent applicable, Plaintiff's request to re-open percipient witness discovery is justified by excusable neglect. *See e.g.*, EDCR 2.35. "[T]he determination [of excusable neglect] is at bottom an equitable one, taking account of all relevant circumstances surrounding the party's omission."

Pioneer Inv. Servs. Co. v. Brunswick Associates Ltd. P'ship, 507 U.S. 380, 395, 113 S. Ct. 1489, 1498, 123 L. Ed. 2d 74 (1993). Here, equity and fairness weigh in favor of reopening discovery.

There is no intentional effort to hinder or delay, here. This court is well aware of the long procedural history in this matter. Plaintiff acted in good faith and was not dilatory in taking discovery, but he could not control the timing of Defendants' document production or production of witnesses. Plaintiff sought documents early on, knowing that he needed those documents before

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he could set depositions. Yet, after months of wrangling, Defendants finally produced approximately 35,000 documents from mid-April to mid-July. This document-dump at the end of the discovery period precluded even starting depositions until too late to complete them, and delayed the resolution of discovery disputes and the completion of discovery.

Furthermore, the Offer and response occurred at the end of discovery. Where important new information recently came to light, Plaintiff's request to re-open discovery falls well within the ambit of "excusable neglect." Plaintiff learned about the Offer and Settlement before the close of discovery, and has had no opportunity to take discovery as to either. Discovery must be re-opened to allow Plaintiff to take discovery on these critical issues.

In short, if and to the extent applicable, Plaintiff's request to re-open percipient witness discovery is justified by "excusable neglect" and should be well-taken.

3. Defendants Will Not Be Prejudiced by the Extension, but, Plaintiff Will Be Irreparably Prejudiced if No Extension is Granted

There is no true prejudice to Defendants if these deadlines are moved. Here, the parties agreed to taking discovery after the percipient witness discovery deadline. Prejudice only exists where "actual legal rights are threatened or where monetary or other burdens appear to be extreme or unreasonable." *Alutiiq Int'l Solutions, LLC v. OIC Marianas Ins. Corp.*, 2012 WL 3205862, at *3 (D. Nev. Aug. 2, 2012). If the Court grants this Motion, Defendants will simply have additional time to prepare their case. This delay is similar to prejudice when setting aside a default judgment, where "to be prejudicial…[it] must result in a greater harm than simply delaying resolution of the case."[2]

If the Motion is not granted, however, manifest injustice will result. Plaintiff will be irreparably prejudiced because he will not be allowed to prepare or present his full case at trial. To deny Plaintiff the chance to conduct critical discovery, after Defendants delayed productions and depositions for months, and important new information comes to light, would be the gravest type of injustice. Here, there is no real prejudice to Defendants, and there would be significant prejudice to Plaintiff if the requested relief is not granted.

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[2] *TCI Group Life Ins. Plan v. Knoebber*, 244 F.3d 691, 701 (9th Cir. 2001) *overruled on other grounds by Egelhoff v. Egelhoff ex rel. Breiner,* 532 U.S. 141, 147, 121 S.Ct. 1322, 149 L.Ed.2d 264 (2001).

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4. EDCR 2.35 Requirements

Statement specifying the discovery completed: As explained above, the parties have taken the depositions of Guy Adams (needs to be completed), Edward Kane, Brett Harriss, Jim Virant, Margaret Cotter, James Cotter, Jr. (although additional questioning has been requested), Ellen Cotter, Whitney Tilson, Jonathan Glaser, Andrew Shapiro, William Gould, William Ellis, Douglas McEachern. Furthermore, the parties have exchanged written discovery. Plaintiff has sent three sets to the "Individual Director Defendants," four sets to RDI, and two sets to Gould and Storey. Finally, the issue of the "advice of counsel" defense is one with respect to which the Court has ruled, but not as to the which defendants have complied.

A specific description of the discovery that remains to be completed: With respect to percipient witnesses, the parties still need to complete the document discovery ordered by the Court and depositions of two Defendants (Codding and Tompkins), which have not been commenced, two other defendants (Adams and McEachern) has not been completed and the Company's Rule 30(b)(6) witness. More fundamentally, Defendants have not complied with the court's August 30, 2016 orders, meaning that they have not completed production of "Offer" related documents and have not commenced production of "advice of counsel" documents. Plaintiff reserves the right to seek additional discovery following completion of the document discovery.

The reasons why the discovery remaining was not completed within the time limits set by the discovery order: Discovery was not completed for the reasons set out above and in Plaintiff's Motion heard on August 11, 2016.

A proposed schedule for completing all remaining discovery:

Percipient Witness Discovery Cut Off:	January 31, 2017
Expert Discovery Cut-Off:	February 28, 2017
Dispositive Motion Cut-Off:	January 31, 2017
Hearing Date:	February 28, 2017
Jury Trial:	Five Week Stack in May 2017

Pre-Trial Conference, Calendar Call and Pre-Trial Memorandum will all key off of the new

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trial date.

The current trial date: This case is set on a five week stack to begin on November 14, 2016 at 1:30 p.m.

IV. CONCLUSION

For the forgoing reasons, Plaintiff respectfully requests the Court enter an order that (i) vacates and/or resets all pending dates and deadlines, including deadlines with respect to expert disclosures and discovery, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances.

DATED this 7th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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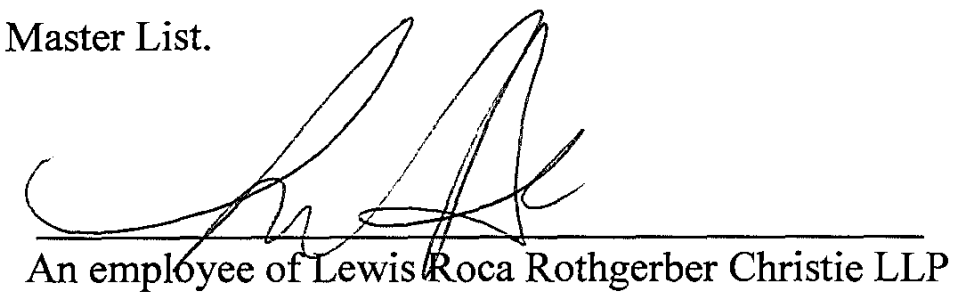
CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of October, 2016, I caused a true and correct copy of the foregoing **PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO VACATE AND RESET PENDING DATES AND TO REOPEN DISCOVERY ON ORDER SHORTENING TIME** 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.



An employee of Lewis Roca Rothgerber Christie LLP

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
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NEOJ
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
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cowdent@gtlaw.com

Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

JAMES J. COTTER, JR., 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.

And

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

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

Coordinated with:

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

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

NOTICE OF ENTRY OF ORDER GRANTING SETTLEMENT WITH T2 PLAINTIFFS AND FINAL JUDGMENT WITH EXHIBIT 1 ATTACHED

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

TO: All parties and their counsel of record:

YOU AND EACH OF YOU will please take notice that on October 21, 2016, the Court entered the ***Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 Attached***, a copy of which is attached hereto as Exhibit A.

DATED: this 21st day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO (NV Bar No. 1625)
KARA B. HENDRICKS (NV Bar No. 7743)
TAMI D. COWDEN (NV Bar No. 8994)
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. 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 ***Notice of Entry of Order Granting Settlement With T2 Plaintiffs and Final Judgment with Exhibit 1 Attached*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. 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 21st day of October, 2016.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

GREENBERG TRAURIG, LLP
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Telephone: (702) 792-3773
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EXHIBIT A

ORDR
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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

Plaintiff,

v.

READING INTERNATIONAL, INC., a Nevada corporation; DOES 1-100, and ROE ENTITIES, 1-100, inclusive,

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

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

Coordinated with:

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

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

ORDER GRANTING SETTLEMENT WITH T2 PLAINTIFFS AND FINAL JUDGMENT

Hearing Date: October 6, 2016
Time: 8:30a.m. and 1:00 p.m.

Presently pending is the Joint Motion for Final Approval of Settlement and Dismissal ("Joint Motion"), filed by Intervenor Plaintiffs T2 Partners Management, LP, T2 Accredited Fund, LP, T2 Qualified Fund, LP, Tilson Offshore Fund, LTD., T2 Partners Management I, LLC, T2 Partners Management Group, LLC, JMG Capital Management, LLC, Pacific Capital Management, LLC, and Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak, Craig Tompkins, and Nominal Defendant, Reading International, Inc. The Court having reviewed the Motion and grounds therefore, having heard any objections thereto, and having heard the arguments of the parties, FINDS AS FOLLOWS:

1. The Court previously granted preliminary approval of the proposed settlement based upon the terms as set forth in the Joint Motion for Preliminary Approval of Settlement of Derivative Claims on August 4, 2016. At that time, the Court determined that settlement appeared presumptively valid, subject only to any objections at the final approval hearing. The Court also approved a Notice of Settlement ("Notice") to be provided to shareholders of Reading International Inc. ("RDI");

2. The Nevada Rules of Civil Procedure and due process have been satisfied in connection with the Notice;

3. Subsequent to service of the Notice, the Court received three objections to the proposed settlement from: James J. Cotter, Jr.; Diamond A Partners, L.P. and Diamond A. Investors, L.P.; and Mark Cuban; and

4. The Court after considering all objections and responses thereto and having held a hearing on October 6, 2016, the Court modified the Settlement Agreement and Release of Claims ("Modified Settlement Agreement"). The Modified Settlement Agreement is set forth in **Exhibit 1**, hereto.

Based on such findings, the Court, HEREBY ORDERS THE FOLLOWING:

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

1. The Modified Settlement Agreement is fair, reasonable, adequate and in the best interest of stockholders;

2. Pursuant to the request of Defendants and the Intervening Plaintiffs, all claims contained in the First Amended Complaint filed by T2 Partners Management, LP, T2 Accredited Fund, LP, T2 Qualified Fund, LP, Tilson Offshore Fund, LTD., T2 Partners Management I, LLC, T2 Partners Management Group, LLC, JMG Capital Management, LLC, Pacific Capital Management, LLC, are dismissed in their entirety with prejudice.

3. The Intervenor Plaintiffs, the Defendants, and the Nominal Defendant shall each be responsible for their own attorneys' fees and costs.

DATED this 10th day of October, 2016.

DISTRICT COURT JUDGE

JWS

Respectfully submitted by:

ROBERTSON & ASSOCIATES, LLP

/s/ Alexander Robertson
ALEXANDER ROBERTSON, IV (SBN 8642)
32121 Lindero Canyon Road, Suite 200
Westlake Village, California 91361
ARobertson@ARobertsonLaw.com

Attorneys for Plaintiffs and Intervenors, T2 Partners Management, LP, et al.

GREENBERG TRAURIG, LLP

Mark E. Ferrario (NV Bar No. 1625)
Kara B. Hendricks (NV Bar No. 7743)
3773 Howard Hughes Parkway, Suite 400 N.
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LV 420787369v2

/s/ Marshall M. Searcy, III CHRISTOPHER TAYBACK (Admitted *pro hac vice*) MARSHALL M. SEARCY III (Admitted *pro hac vice*) QUINN EMANUEL URQUHART & SULLIVAN, LLP 865 S. Figueroa Street, 10th Floor Los Angeles, California, 90017 christayback@quinnemanuel.com marshallsearcy@quinnemanuel.com H. STAN JOHNSON (SBN 265) 255 E. Warm Springs Road, Suite 100 Las Vegas, Nevada 89119 SJohnson@CohenJohnson.com *Attorneys for Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane Douglas McEachern, Judy Codding and Michael Wrotniak*	*/s/ Shoshana Bannett* SHOSHANA E. BANNETT (Admitted *pro hac vice*) BIRD, MARELLA, BOXER, WOLPERT, NESSIM, DROOKS, LINCENBERG & RHOW, P.C. 1875 Century Park East, 23rd Floor Los Angeles, California 90067 EER@BirdMarella.com DONALD A. LATTIN (NV BAR 0693) 4785 Caughlin Parkway Reno, Nevada 89519 dlattin@mclrenolaw.com *Attorneys for Defendants William Gould*
SANTORO WHITMIRE, LTD. */s/ Nicholas J. Santoro* NICHOLAS J. SANTORO (NV BAR 0532) 10100 Charleston Boulevard, Suite 250 Las Vegas, Nevada 89135 nsantoro@santoronevada.com *Attorneys for Craig Tompkins*	

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LV 420787369v2

EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

THIS SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS ("Settlement Agreement") is made this _____ day of October 2016 (the "Execution Date") by and between T2 PARTNERS MANAGEMENT, LP, T2 ACCREDITED FUND, LP, T2 QUALIFIED FUND, LP, TILSON OFFSHORE FUND, LTD., T2 PARTNERS MANAGEMENT I, LLC, T2 PARTNERS MANAGEMENT GROUP, LLC, JMG CAPITAL MANAGEMENT, LLC, PACIFIC CAPITAL MANAGEMENT, LLC, WHITNEY TILSON AND JONATHAN GLASER ("T2 Plaintiffs") and MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS MCEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS and READING INTERNATIONAL, INC. ("Reading" or the "Company") (collectively "Defendants"). T2 Plaintiffs and Defendants are collectively referred to as the "Parties" and each as a "Party."

This Settlement Agreement is subject to Court approval as set forth in the Notice of Pendency and Settlement of Action which is attached hereto as **Exhibit A.**

RECITALS

WHEREAS, on June 12, 2015, Reading's Board of Directors terminated James J. Cotter, Jr. as the President and Chief Executive Officer of Reading.

WHEREAS, 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." against the Company, Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Timothy Storey in the Eighth Judicial District Court of the State of Nevada (the "James Cotter, Jr. Action").

WHEREAS, on August 6, 2015, the Company received notice that a Motion to Intervene in the James Cotter, Jr. Action and a proposed derivative complaint had been filed by the T2 Plaintiffs in the Eighth Judicial District Court. On August 11, 2015, the Court granted the motion of the T2 Plaintiffs, allowing these plaintiffs to file their complaint (the "T2 Complaint").

WHEREAS, on September 9, 2015, certain of the Individual Defendants filed a Motion to Dismiss the T2 Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the T2 Complaint.

WHEREAS, on February 12, 2016, the T2 Plaintiffs filed an amended complaint (the "Amended T2 Complaint"). The T2 Plaintiffs purported to bring a derivative action on behalf of Reading and its stockholders, and alleged in their Amended T2 Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the defendants (the "T2 Action"). More specifically the Amended T2 Complaint sought the reinstatement of James J. Cotter, Jr. as President and Chief Executive Officer and certain monetary damages, as well as equitable injunctive relief, attorney fees, and costs of suit. The defendants in the T2 Action are the same as named in the James Cotter, Jr. Action as well as Director Judy Codding,

Director Michael Wrotniak, and Company legal counsel, Craig Tompkins (collectively and without differentiation, the "Individual Defendants" and each an "Individual Defendant"). The Amended T2 Complaint deleted its request for an order disbanding Reading's Executive Committee and for an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint added a request for 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 of record by the Estate of James Cotter, Sr. and the Living Trust established by James Cotter, Sr.

WHEREAS, in connection with the litigation, James Cotter, Jr. and the T2 Plaintiffs conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. In response to discovery requests, Reading produced over 13,900 documents, and the Individual Defendants produced over 7,900 documents.

WHEREAS, in connection with efforts to settle this matter, the Parties engaged in extensive discussions.

WHEREAS, the Parties wish to settle all claims asserted in the T2 Action.

WHEREAS, all Parties recognize the time and expense that would be incurred by further litigation and the uncertainties and risks inherent in such litigation and have concluded that the interests of the Parties, including the stockholders or Reading, would be best served by a settlement of the T2 Action on the terms reflected herein.

NOW THEREFORE, in consideration of the mutual releases, covenants and undertakings hereinafter set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS

1. Incorporation of Recitals

The foregoing recitals are incorporated into this Settlement Agreement as if fully set forth herein.

2. Consideration

As consideration for the Settlement and dismissal with prejudice of the T2 Action, the Parties have mutually agreed upon the terms of a press release discussing the reasons for the Settlement and further agree, as set forth hereinbelow, not to disparage each other in connection with the T2 Action.

3. Reasons for Settlement

a. The T2 Plaintiffs brought derivative claims with the intention of ensuring that the interests of all Reading stockholders were being appropriately protected. In connection with the litigation, the T2 Plaintiffs conducted extensive discovery on the matters alleged in the T2 and

Jim Cotter, Jr. Complaints, discovery that included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. Following their efforts on behalf of the stockholders, the T2 Plaintiffs have concluded that continuing with their derivative stockholder litigation would provide no further benefit to Reading's stockholders, including the T2 Plaintiffs.

The T2 Plaintiffs believe that the Settlement provides substantial and immediate benefits for Reading and its current stockholders. In addition to these substantial benefits, T2 Plaintiffs and their counsel have considered: (i) the attendant risks of continued litigation and the uncertainty of the outcome of the T2 Action; (ii) the probability of success on the merits; (iii) the inherent problems of proof associated with, and possible defenses to, the claims asserted in the T2 Action; (iv) the desirability of permitting the settlement to be consummated according to its terms; (v) the expense and length of continued proceedings necessary to prosecute the T2 Action against the Defendants through trial and appeals; (vi) the T2 Plaintiffs' confidence in the Reading Board of Directors and its management after conducting extensive discovery and (vii) the conclusion of the T2 Plaintiffs and their counsel that the terms and conditions of the Settlement Agreement are fair, reasonable, and adequate, and that it is in the best interests of Reading and its current stockholders to settle the T2 Action on the terms set forth herein. Based on T2 Plaintiffs' Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, T2 Plaintiffs' Counsel believes that the settlement set forth in this Settlement Agreement is fair, reasonable, and adequate, and confers substantial benefits upon Reading and its current stockholders. Based upon T2 Plaintiffs' Counsel's evaluation as well as T2 Plaintiffs' own evaluation, T2 Plaintiffs have determined that the settlement is in the best interests of Reading and its current stockholders and has agreed to settle the T2 Action upon the terms and subject to the conditions set forth in the Settlement Agreement and summarized herein. T2 Plaintiffs believe that Defendants will continue to act in good faith to use best practices with regard to board governance, protection of stockholder rights, and maximizing value for all its stockholders, which actions shall include (i) providing to the Compensation Committee's independent compensation consultant the names of certain companies previously suggested by the T2 Plaintiffs as possible market comparables for consideration in 2017 and (ii) the Company anticipates continuing to hold regular corporate earnings conference calls and to continue to engage with investors around earnings. Further Management has informed T2 that incident to the financing of pre-development activities at the site, it anticipates refinancing the existing loan between Reading and Sutton Hill Properties, LLC.

b. The Defendants deny any and all allegations of wrongdoing, liability, violations of law or damages arising out of or related to any of the conduct, statements, acts, or omissions alleged in the T2 Action, and maintain that their conduct was at all times proper, in the best interests of Reading and its stockholders, and in compliance with applicable law. The Defendants further deny any breach of fiduciary duties or aiding and abetting any breach of such a fiduciary duty. The Defendants also deny that Reading or its stockholders were harmed by any conduct of the Defendants alleged in the T2 Action or that could have been alleged therein. Each of the Defendants asserts that, at all relevant times, they acted in good faith and in a manner they reasonably believed to be in the best interests of Reading and all of its stockholders.

c. Defendants, however, recognize the uncertainty and the risk inherent in any litigation, and the difficulties and substantial burdens, expense, and length of time that may be necessary to defend this proceeding through the conclusion of trial, post-trial motions, and appeals. In particular, Defendants are cognizant of the burdens this litigation is imposing on Reading and its management, and the impact that continued litigation will have on management's ability to continue focusing on the creation of stockholder value. Defendants wish to eliminate the uncertainty, risk, burden and expense of further litigation, and to permit the operation of Reading without further distraction and diversion of its directors and executive personnel with respect to the T2 Action. Defendants have therefore determined to settle the T2 Action on the terms and conditions set forth in the Settlement Agreement solely to put the Released Claims (as defined herein) to rest finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages.

4. Release

Subject to Court approval, a judgment will be entered (the "Judgment"). Upon entry of the Judgment, the T2 Action will be dismissed in its entirety and with prejudice and the following releases will occur:

a. **Release of Claims by Reading, T2 Plaintiffs and Individual Defendants**: The T2 Plaintiffs, who have purported to bring derivative claims on behalf of Reading and all its stockholders, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released T2 Plaintiffs' Claims.

i. "Released T2 Plaintiffs' Claims" means all any and all claims, that have been asserted in the T2 Action by T2 Plaintiffs derivatively on behalf of Reading against any of the Individual Defendants. The Parties acknowledge that this Release does not serve to require dismissal of the claims raised by James Cotter Jr. in his Second Amended Complaint.

The Parties acknowledge that this Release does not prevent Reading or the Individual Defendants from raising any counterclaims or defenses in the James Cotter Jr. Action.

b. **Release of Claims by Defendants**: Reading on behalf of itself and the Individual Defendants on behalf of themselves and any other person or entity who could assert any of the Released Defendants' Claims on their behalf, in such capacity only, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released Defendants' Claims against T2 Plaintiffs' Releasees.

i. "Released Defendants' Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues, and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts), that arise out of or

relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the T2 Action, except for claims relating to the enforcement of the Settlement. For the avoidance of doubt, the Released Defendants' Claims do not include claims based on the conduct of the T2 Plaintiffs' Releasees after the Effective Date.

ii. "T2 Plaintiffs' Releasees" means T2 Plaintiffs and their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates. T2 Plaintiffs' Releasees do not include, and specifically exclude James Cotter, Jr.

c. Nothing contained in this Settlement Agreement is intended to, or does release any claims that Defendants may have against any of their insurers or that any insurers may have against any Defendant.

5. Submission of Documents to Court

As soon as practicable after this Settlement Agreement has been executed, the Parties shall apply jointly to the Court for entry of an Order substantially in the form attached hereto as **Exhibit B** (the "Preliminary Approval Order"): i) providing among other things, a request for preliminary approval of the Settlement as fair, reasonable, adequate and in the best interest of stockholders; ii) seeking approval of the Notice of Pendency and Settlement of Action; and iii) requesting a Settlement Hearing.

If the Court approves this Settlement, the Parties shall jointly request entry of the proposed Order and Final Judgment substantially in the form attached hereto as **Exhibit C.** The Order and Final Judgment shall, among other things: i) determine the requirements of the Nevada Rules of Civil Procedure and due process have been satisfied in connection with the Notice detailed below; ii) approve the Settlement as fair, reasonable, adequate and in the best interest of stockholders; and iii) dismiss the T2 Action with prejudice on the merits as against any and all Defendants.

6. Notice Of Pendency and Settlement of Action

The Notice of Pendency and Settlement of Action, in substantially the form annexed hereto as **Exhibit A,** shall be mailed by Reading at least 45 calendar days prior to the Settlement Hearing to all stockholders of Reading as listed on the stock registry, to their respective last known address. Furthermore, Reading shall use reasonable efforts to give notice to beneficial owners of Reading common stock by providing, at the expense of Reading additional copies of the Notice of Pendency and Settlement of Action to any record holder requesting the Notice who are entitled to notice.

7. Non Disparagement

The purpose of this Agreement is to resolve the T2 Action for the benefit of the Parties and Reading stockholders. Accordingly the T2 Plaintiffs covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing, that would cast any Defendant or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. Similarly, Defendants covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing that would cast the T2 Plaintiffs or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. If any third party makes any inquiry with respect to any of the claims or causes of action alleged against any Party, then the Party to whom such inquiry is made shall only respond that such matters were resolved in a satisfactory manner pursuant to a confidential settlement agreement. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

Notwithstanding the above, T2 Plaintiffs acknowledge that this Agreement does not prohibit the Individual Defendants from any disclosures required in their capacity as fiduciaries of Reading. Further, nothing herein shall prevent any Party from testifying truthfully in a court of law and/or complying with a court order.

8. Joint Press Release

The Parties to this Settlement Agreement mutually agree to issue a press release in a form satisfactory to all Parties hereto indicating that the Parties have amicably resolved their disputes to the mutual satisfaction of all Parties. The press release shall not identify any substantive terms or conditions of this Agreement and shall be in a form substantial similar to **Exhibit D**.

9. General Provisions

This Settlement Agreement and compliance with this Settlement Agreement shall not be construed as an admission by any Party of any liability whatsoever, or as admission by any Party of any violation of the rights of the others, violation of any order, law, statute, duty or contract whatsoever.

The Parties hereto represent and acknowledge that in executing this Settlement Agreement they do not rely and have not relied upon any representation or statement made by any of the Parties or by any of the Parties' agents, attorneys or representatives with regard to the subject matter or effect of this Settlement Agreement or otherwise, other than those specifically stated in this written Settlement Agreement. This Settlement Agreement expresses the entire agreement of the Parties hereto with respect to the subject matter hereof. No recitals, covenants, agreements, representations, or warranties of any kind whatsoever have been made or have been relied upon by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations between the Parties have been or are merged and integrated into, and are superseded by, this Agreement.

10. Mutual Cooperation

The Parties hereby agree to use their best efforts and good faith in carrying out all of the terms of this Settlement Agreement. Each Party hereto shall perform such further acts and execute and deliver such further documents as may be reasonably necessary or convenient to carry out the purposes of this Settlement Agreement.

11. Interpretation of Agreement

None of the Parties shall be deemed to be the drafter of this Settlement Agreement. In the event a court construes this Settlement Agreement, such court shall not construe this Settlement Agreement or any provision hereof against either Party as the drafter of the Settlement Agreement. The headings used in this Agreement are for reference only and shall not affect the construction of the Agreement.

12. Choice of Law

This Settlement Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada, without regard to conflict of law principles. The Parties agree that the Court shall have exclusive jurisdiction over any action to enforce this Settlement Agreement.

13. Counterparts

This Settlement Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument and fax copies shall be deemed originals.

14. Attorneys' Fees

Each Party shall bear its own costs and attorney fees incurred in connection with this Settlement Agreement. However, if any Party to this Settlement Agreement brings suit against the another Party, the purpose of which is to enforce, challenge, or clarify the terms of this Settlement Agreement, the prevailing party in such action shall be entitled to reimbursement for its actual attorney fees and costs in so enforcing, challenging or clarifying this Settlement Agreement.

15. Notice in Connect with Settlement Agreement

All notices or demands of any kind that any Party is required to or desires to give in connection with this Settlement Agreement shall be in writing and shall be delivered by e-mail and by depositing the notice or demand in the United States mail, postage prepaid, and addressed to the Parties as follows:

T2 Plaintiffs:

Robertson & Associates, LLP
c/o Alexander Robertson, IV
32121 Lindero Canyon Road, Suite 200
Westlake Village, California 91361

Reading International:	Greenberg Traurig, LLP c/o Mark E. Ferrario, Esq. 3773 Howard Hughes Pkwy., Suite 400N Las Vegas, Nevada 89169 Email: mferrario@gtlaw.com
Ellen Cotter, Margaret Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding and Michael Wrotniak:	Quinn Emanuel Urquhart & Sullivan, LLP c/o Marshall M. Searcy III 865 S. Figueroa Street, 10th Floor Los Angeles, California, 90017
William Gould:	Bird, Marella, Boxer, Wolpert, Nessim, Drooks, Lincenberg & Rhow, P.C. c/o Ekwan E. Rhow 1875 Century Park East, 23rd Floor Los Angeles, California, 90067
Craig Tompkins:	Santoro Whitmire, LTD. c/o Nicholas J. Santoro 10100 W. Charleston Blvd. #250 Las Vegas, NV 89135

16. Miscellaneous

This Settlement Agreement shall be binding on and inure to the benefit of the Parties, their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, and successors-in-interest. No Party shall assign this Settlement Agreement or any of its rights and obligations hereunder, to any third party. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

All of the exhibits hereto are incorporated herein by reference as if set forth herein verbatim, and the terms of all exhibits are expressly made part of this Settlement Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the last day set forth below.

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 QUALIFIED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT I, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JMG CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

WHITNEY TILSON

_____

Dated this ____ day of _____, 2016.

MARGARET COTTER

_____

Dated this ____ day of _____, 2016.

T2 ACCREDITED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

TILSON OFFSHORE FUND, LTD.

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT GROUP, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

PACIFIC CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JONATHAN GLASER

_____

Dated this ____ day of _____, 2016.

ELLEN COTTER

_____

Dated this ____ day of _____, 2016.

GUY ADAMS

_____

Dated this ____ day of _____, 2016.

EDWARD KANE

_____

Dated this ____ day of _____, 2016.

DOUGLAS MCEACHERN

_____

Dated this ____ day of _____, 2016.

WILLIAM GOULD

_____

Dated this ____ day of _____, 2016.

JUDY CODDING

_____

Dated this ____ day of _____, 2016.

MICHAEL WROTNIAK

_____

Dated this ____ day of _____, 2016.

CRAIG TOMPKINS

_____

READING INTERNATIONAL, INC.

_____

Under Seal Document

RA485-RA553

In The Supreme Court of the State Of Nevada

Supreme Court Case No. 75053

JAMES J. COTTER, JR., Individually And Derivatively on Behalf of READING INTERNATIONAL, INC.,	
Petitioner,	District Court No. A-15-719860-B,
v.	
DOUGLAS McEACHERN, EDWARD KANE, JUDY CODDING, WILLIAM GOULD, MICHAEL WROTNIAK, and Nominal Defendant READING INTERNATIONAL, INC., a Nevada Corporation,	jointly administered with No. P-14-082942-E and No. A-16-735305-B
Respondents.	

Appeal
Eighth Judicial District Court, Dept. XI
The Honorable Elizabeth G. Gonzalez

RESPONDENTS' APPENDIX

VOLUME II (RA251-RA500)

H. STAN JOHNSON, ESQ. (SBN 00265)
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**Admitted Pro Hac Vice*

RESPONDENTS' APPENDIX IN SUPPORT OF ANSWERING BRIEF

CHRONOLOGICAL APPENDIX

Date	Document	Vol.	Pages
2016-09-23	Defendant William Gould's Joinder in Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer	II	RA412–RA414
2016-10-03	RDI's Omnibus Reply to Objections to T2 Settlement Filed by James J. Cotter, Jr., Mark Cuban, and Diamond A Partner, L.P.	II	RA415–RA433
2016-10-03	T2 Plaintiffs' Joinder to RDI's Omnibus Reply to Objections to Settlement	II	RA434–RA444
2016-10-10	Plaintiff James J. Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Shortened Time (Fourth Request)	II	RA445–RA465
2016-10-21	Notice of Entry of Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 Attached	II	RA466–RA484
2017-11-08	Renewed Motion *in Limine* to Exclude Expert Testimony of Myron Steele Based on Supplemental Authority	II; III	RA485–RA553 (Under Seal)
2017-12-12	Statement of Decision in *In re: James J. Cotter Living Trust*, Case No. BP159755 (Sup. Ct., L.A. Cnty.)	III	RA554–RA571
2018-03-22	Judgment and Order re: Petition for an Order Determining Validity of Trust Amendment and Forgiveness of Loan Filed February 5, 2015 in *In re: James J. Cotter Living Trust*, Case No. BP159755 (Sup. Ct., L.A. Cnty.)	III	RA572–RA574
2018-06-01	Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment	III	RA575–RA679 (Under Seal)
2018-06-19	Remaining Director Defendants' Motion for an Evidentiary Hearing	III, IV	RA680–RA928 (Under Seal)
2018-11-13	RDI Form 8-K	IV	RA929–RA932

RESPONDENTS' APPENDIX IN SUPPORT OF ANSWERING BRIEF

ALPHABETICAL APPENDIX

Reading, T2 Plaintiffs, and each and every other Reading stockholder, excluding James Cotter, Jr., on behalf of themselves and any other person or entity who could assert any of the Released T2 Plaintiffs' Claims on their behalf, in such capacity only, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released T2 Plaintiffs' Claims against Defendants and any other Defendants' Releasees.

"Released T2 Plaintiffs' Claims" means all any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts, such as, but not limited to, federal securities claims or other claims based upon the purchase or sale of shares), that are, have been, could have been, could now be, or in the future could, can, or might be asserted, in the T2 Action or in any other court, tribunal, or proceeding by T2 Plaintiffs or any other Reading stockholder, excluding James Cotter, Jr., derivatively on behalf of Reading, or by Reading directly against any of the Defendants' Releasees, which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that relate in any way to, or could arise in connection with, the alleged breaches of fiduciary duty, abuse of control, gross mismanagement, and corporate waste, including but not limited to those alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or related to the Amended T2 Complaint or the T2 Action, except for claims relating to the enforcement of the Settlement and for any claims that Defendants may have against any of their

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insurers, co-insurers or reinsurers that are not otherwise released pursuant to other documentation. For the avoidance of doubt, the Released T2 Plaintiffs' Claims include all of the claims asserted in the T2 Action, but do not include claims based on conduct of Defendants' Releasees after the Effective Date.

"Defendants' Releasees" means Reading, Defendants, and any other current or former officer, director or employee of Reading, excluding James Cotter, Jr., and their respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources lenders, commercial bankers, attorneys, personal or legal representatives, accountants, associates and insurers, co-insurers and reinsurers, except with respect to claims by any Individual Defendant or Nominal Defendant against such insurer, co-insurer, or re-insurer that have not otherwise been released pursuant to other documentation.

Release of Claims by Defendants: Defendants and the other Defendants' Releasees, on behalf of themselves and any other person or entity who could assert any of the Released Defendants' Claims on their behalf, in such capacity only, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released Defendants' Claims against T2 Plaintiffs' Releasees.

"Released Defendants' Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues, and controversies of any kind, nature, or description

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whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts), that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the T2 Action, except for claims relating to the enforcement of the Settlement. For the avoidance of doubt, the Released Defendants' Claims do not include claims based on the conduct of the T2 Plaintiffs' Releasees after the Effective Date and do not include any claims that Defendants may have against any of their insurers, co-insurers or reinsurers that are not otherwise released pursuant to other documentation.

"T2 Plaintiffs' Releasees" means T2 Plaintiffs, all other Reading stockholders, excluding James Cotter, Jr., and any current or former officer or director of any Reading stockholder, and their respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates.

"Unknown Claims" means any Released T2 Plaintiffs' Claims that Reading, T2 Plaintiffs, or any other Reading stockholder, excluding James Cotter, Jr., does not know or suspect to exist in his, her, or its favor at the time of the release of the Defendants' Releasees, and any Released Defendants' Claims that any of the Defendants or any of the other Defendants' Releasees does not know or suspect to exist in his, her, or its favor at the time of the release of

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the T2 Plaintiffs' Releasees, which, if known by him, her or it, might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released T2 Plaintiffs' Claims and Released Defendants' Claims, the Parties stipulate and agree that Reading, T2 Plaintiffs and each of the Defendants shall expressly waive, and each of the other Reading stockholders, excluding James Cotter, Jr., and each of the other Defendants' Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by California Civil Code §1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

and any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542. Reading, T2 Plaintiffs and each of the Defendants acknowledge, and each of the other Reading stockholders, excluding James Cotter, Jr., and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Settlement.

22. If the Settlement is approved, since Reading will have released the Released T2 Plaintiffs' Claims described above against any of the other Defendants' Releasees, no Reading stockholder, excluding James Cotter, Jr., will be able to bring another action asserting those claims against those persons on behalf of Reading excluding any claims any Individual Defendant or Nominal Defendant has against insurers, re-insurers or co-insurers that are not released pursuant to other documentation.

23. Pending final determination by the Court of whether the Settlement should be approved, T2 Plaintiffs, all Reading stockholders, excluding James Cotter, Jr., Defendants, and

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Reading are enjoined from filing, commencing, or prosecuting any Released Claims against the Releasees in the T2 Action or in any other lawsuit in any jurisdiction excluding any claims any Individual Defendant or Nominal Defendant has against insurers, re-insurers or co-insurers that are not released pursuant to other documentation.

HOW WILL THE ATTORNEYS GET PAID?

24. Each of the Parties will bear his, her, or its own legal fees and expenses.

WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD?

DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?

25. The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held before The Honorable Elizabeth Gonzalez on October 6, 2016 at 8:30 a.m., in the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155 .

26. Any Current Stockholder who objects to the Settlement, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such person shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon, unless, no later than September 22, 2016, such person files with the Court, the following: (a) proof of current ownership of Reading stock; (b) a written and signed notice of the Objector's intention to appear, which states the name, address and telephone number of Objector and, if represented, his, her or its counsel; (c) a detailed statement of the objections to any matter before the Court; and (d) a detailed statement of all of the grounds thereon and the reasons for the Objector's desire to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider. Any such filings with the Court must also be served upon each of the following

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counsel (by hand, first class U.S. mail, or express service) such that they are received no later than ten calendar days prior to the Settlement Hearing:

Mark E. Ferrario, Esq.
Kara B. Hendricks, Esq.
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169

Attorneys for Nominal Defendant Reading International, Inc.

27. Unless the Court otherwise directs, any person who fails to object in the manner prescribed above shall be deemed to have waived his, her, or its right to object and shall be forever barred from raising any objection to the Settlement or any other matter related to the Settlement, in the T2 Action or in any other action or proceeding.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

28. This Notice does not purport to be a comprehensive description of the T2 Action, the allegations related thereto, the terms of the Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in the T2 Action, you may inspect the pleadings, the Joint Motion, the Orders entered by the Court, and other papers filed in the T2 Action at Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155, during regular business hours of each business day. You may also view a copy of the Settlement Agreement at http://www. readingrdi.com. If you have questions regarding the Settlement, you may write or call T2 Plaintiffs' Counsel: Alexander Robertson, IV, 32121 Lindero Canyon Road, Suite 200, Westlake Village, CA 91361, (818) 851-3850; and Adam C. Anderson, Patti, Sgro, Lewis & Roger, 720 S. 7th Street, 3rd Floor, Las Vegas, NV 89101, (702) 385-9595.

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DO NOT CALL OR WRITE THE COURT REGARDING THIS NOTICE.

NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS

29. Brokerage firms, banks, and other persons or entities who hold shares of Reading common stock as record owners, but not as beneficial owners, are directed to either (a) promptly request from Reading sufficient copies of this Notice to forward to all such beneficial owners and after receipt of the requested copies promptly forward such Notices to all such beneficial owners; or (b) promptly provide a list of the names and addresses of all such beneficial owners to Devasis Ghose, Corporate Secretary, Reading, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045 after which Reading will promptly send copies of the Notice to such beneficial owners. Copies of this Notice may be obtained by calling Reading's transfer agent, toll free, at 1-800-835-8778.

BY ORDER OF THE COURT

Dated: August 4, 2016

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OBJ
JAMES E. MURPHY, ESQ.
Nevada Bar No. 8586
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Attorneys for Interested Parties Diamond A Partners, L.P. and Diamond A Investors, L.P.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER, JR., Deceased,

JAMES J. COTTER, JR., 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.

And

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

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

Coordinated with:

Case No. P-14-0852942-E
Dept. XI

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

OBJECTION OF DIAMOND A PARTNERS, L.P. AND DIAMOND A INVESTORS, L.P. TO SETTLEMENT

Date of Hearing: October 6, 2016

Time of Hearing: 8:30 a.m.

Pursuant to the Court's Notice of Pendency and Settlement of Action dated August 4, 2016 ("Notice"), Diamond A Partners, L.P. and Diamond A Investors, L.P. (together, "Diamond

A") respectfully object to the proposed Settlement as set forth below.

I. INTRODUCTION

The Settlement Agreement the Defendants and the T2 Plaintiffs are asking the Court to approve provides shareholders with essentially nothing. On the other hand, the Settlement Agreement gives the Defendants, as well as other officers, directors, and employees of Reading, a *complete* release from not only the claims asserted in this case, but a general release of any and all claims that any shareholder could bring on behalf of Reading and also any claims Reading could assert for any and all past conduct. In other words, any harm that Defendants, or others who are not even parties to this litigation, may have caused Reading - whether anyone is aware of it presently or not - would be forever precluded from being remedied by Reading and its shareholders. While the T2 Plaintiffs are certainly free to abandon their claims in this case and release any claims they may have, the benefits of the proposed Settlement Agreement flow in only one direction and this Court should not approve the Settlement in its current form.

II. DISCUSSION

A. Diamond A are current shareholders, have been for years, and are familiar with the underlying litigation.

Diamond A collectively own at present approximately 7% of the Class A shares of Reading International, Inc. ("Reading") and they also presently own shares of Reading's Class B stock. Affidavit of Andrew E. Shapiro, ¶3.[1] They have been shareholders since before this litigation was filed and since before the events at issue in the lawsuit occurred. *Id.*, ¶4. Through their general partner, Diamond A have closely followed this litigation and contemplated joining the intervening T2 Plaintiffs when the original complaint in intervention was filed. *Id.*, ¶5.

B. Diamond A intends to appear at the Settlement Hearing.

This document constitutes Diamond A's notice of intention to appear, objection to the Settlement, and statement of grounds thereon as required by the Notice. Notice, ¶26 (b), (c), and

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[1] Mr. Shapiro's affidavit was filed with the Court previously in connection with Diamond A's opposition to the Motion for Preliminary Approval of the Settlement. Diamond A remain shareholders of both Class A and B shares.

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(d). Diamond A intends to appear at the Hearing in this matter, through its general partner and/or counsel. Diamond A's address is:

Diamond A
c/o Lawndale Capital Management, LLC
591 Redwood Highway No. 2345
Mill Valley, CA 94941
(415) 389- 8258
Attn: Mr. Andrew Shapiro

Counsel for Diamond A is:

Jahan P. Raissi, Esq.
Shartsis Friese, LLP
One Maritime Plaza, 18th Floor
San Francisco, CA 94111
(415) 421-6500

James E. Murphy, Esq.
Laxalt & Nomura, Ltd.
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Las Vegas, NV 89119
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C. Simply dismissing the T2 Plaintiffs' Complaint is better for shareholders and Reading than the proposed Settlement Agreement.

1. The Settlement Agreement provides no tangible benefit to shareholders.

The proposed settlement must be found by the Court to be "fair and reasonable" to be approved. *Polk v. Good*, 507 A.2d 531, 536 (Del. Supreme Court 1986). One of the considerations in making that determination is the sufficiency of the consideration from the defendants. *Id.* The Court's role is, of course, a critical one in protecting the interests of the absent shareholders. *See e.g., Norman v. McKee,* 431 F.2d 769, 774 (9th Cir. 1970) (" . . . a settlement negotiated between the named parties may not give due regard to the interests of [absent shareholders]"; and in denying the proposed derivative settlement the Court "properly understood that his responsibility was to act as guardian of the absent parties . . . ").

While the language of the Settlement Agreement speaks in vague terms of shareholder benefit and corporate governance, there is no actual agreement to do anything that confers any benefit on the shareholders of Reading. *See* Shapiro Affidavit, ¶9. The consideration for the Settlement Agreement consists of the parties agreeing to a joint press release, agreeing not to disparage each other, and providing mutual general releases. Settlement Agreement, ¶¶2 and 4. The T2 Plaintiffs also state that they "believe" certain steps may be taken by Reading:

> . . . T2 Plaintiffs believe that Defendants will continue to act in good faith to use best practices with regard to board governance, protection of shareholder rights,

> and maximizing value for all its stockholders, which actions shall include (i) providing the Compensation Committee's independent compensation consultant the names of certain companies previously suggested by the T2 Plaintiffs as possible market comparables for consideration in 2017 and (ii) the Company anticipates continuing to hold regular corporate earnings conference calls and to continue to engage with investors around earnings. . . . (Settlement Agreement, ¶3.a.).

This is not an agreement on Reading's part, but simply the T2 Plaintiffs' "belief" as to what Reading may do. Even if Reading agreed to this language, it is not binding by its own terms. Even if it were binding, these "concessions" have at best minimal value to shareholders. For example, the T2 Plaintiffs believe that Reading will provide its compensation consultant the names of "certain" companies that the consultant might use as "possible" comparable companies in creating a compensation report (presumably like a real estate agent uses "comparable" home sales to estimate the value of real estate). Settlement Agreement, ¶3.a. But isn't finding comparable companies exactly what compensation consultants are supposed to do anyway? Not only is the consultant just doing what it was hired to do, but there is no requirement that the consultant even use the companies that it is provided with. *Id.*

Likewise, Reading's "anticipation" that it will hold "conference calls" and "continue to engage with investors around earnings" is again not an agreement to actually do anything in particular. Settlement Agreement, ¶3.a. As a vague pronouncement it is also of marginal value to investors since Reading is already required by federal law to publicly disclose information about its earnings on a quarterly basis. In fact, Readings "anticipation" that it will "continue to engage with investors around earning" is so vague as to be meaningless. Defendants are agreeing to nothing concrete or that provides any value to shareholders.

2. The General Release of all possible claims against Defendants and others is quite valuable and overbroad.

The general release provided to the Defendants, on the other hand, is quite valuable to them and potentially quite damaging to shareholders and Reading. The release provided to Defendants is a general release of all claims of any kind whatsoever that any shareholder could bring against Defendants on behalf of Reading, whether related to the present lawsuit or not and whether anyone is aware of the possible claim or not. Settlement Agreement, ¶4.a. Not only are Defendants provided a general release from all claims by shareholders, but so are all current and

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former Reading officers, directors, employees, bankers, lenders, attorneys - and the list goes on. *Id.*, ¶4.a.ii (definition of "Defendants' Releasees"). In other words, it could be discovered a week after the Settlement Agreement is approved that former Directors looted the Company last year, but any claim against them would have been released by the Settlement Agreement. As such, the release in the Settlement Agreement is essentially a judicial ratification of all actions taken by Reading's officers, directors, and employees in the past since all causes of action related to those actions are being released. There is no conceivable reason why Reading or its public shareholders should grant a general release of all claims to Defendants, never mind to this list of third-persons and entities set forth in the release.

Further, the release also precludes Reading itself from bringing any claim whatsoever against any of the Individual Defendants for anything they may have done prior to the Settlement Agreement. Settlement Agreement, ¶4.a.i. While a release by Reading itself of any possible cause of action is certainly in the self-serving interest of the Individual Defendants, it confers no benefit on Reading or the shareholders.[2] To the contrary, it is damaging to Reading and the shareholders by stripping them of their potentially valuable rights.

The possible harm from the Settlement Agreement's sweeping release is not merely theoretical. For example, there are unasserted possible claims related to the "golden coffin" arrangement the Board approved for James J. Cotter, Sr., the Company's former CEO, which provides for millions of dollars of excess payments to his estate for the next 15 years to the material detriment of Reading.[3] Shapiro Affidavit, ¶7. This is a possible claim that shareholders (or Reading) may elect to bring but which would be barred by the contemplated release. Likewise, in June and before the Settlement Agreement was signed, Reading's Board secretly refused an all-cash offer to acquire the Company from a third party. This action is now part of

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[2] It is difficult to understand how any individual who owes a fiduciary duty to Reading and its shareholders could have agreed to such a sweeping release.

[3] What is specifically potentially objectionable is the Board's decision to increase James Cotter Sr.'s salary during the last three years of his life, knowing that the excessive compensation was the driver of the formula to determine the amount to be paid out under the golden coffin for the next 15 years.

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Mr. Cotter's lawsuit. *See* Second Amended Verified Complaint, ¶16. It is entirely possible that the same claims of entrenchment raised in the current litigation improperly influenced the Board's decision not to pursue a transaction that would have provided shareholders with a material premium, in cash, to the current market price of Reading's shares. Why should any other shareholder be precluded from intervening in this claim or asserting their own claim based on this possible misconduct?[4] These are potential claims that are now known, but which the proposed Settlement Agreement would preclude from being brought.

The T2 Plaintiffs conducted no discovery to ascertain what other claims may exist and if bringing those claims was in the interest of Reading and its shareholders. There is no basis to conclude that the sweeping general release is warranted, appropriate, or in the interests of Reading's public shareholders. If the Court is inclined to approve any release as part of the Settlement, it should in all fairness be limited only to claims held by the T2 Plaintiffs.

III. CONCLUSION

The proposed Settlement Agreement is not "fair, reasonable, and adequate" and it does not confer "substantial benefits upon Reading and its current stockholders." It is a one-sided agreement that leaves shareholders worse off than before, and it should not be approved. For these and the reasons set forth above, the Court should not approve the Settlement Agreement. To the extent the Court believes that any release is appropriate, in fairness to the public

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[4] It is also questionable that Defendants did not disclose the rejected cash acquisition offer until after the Settlement Agreement was signed, and it obviously was not a subject of discovery in the T2 Plaintiffs' discovery.

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shareholders and in light of the absence of value to the them in the Settlement Agreement, any such release should be limited to claims that are held only by the T2 Plaintiffs.

DATED this 20 day of September, 2016.

Respectfully submitted,

LAXALT & NOMURA, LTD.

JAMES E. MURPHY, ESQ.
Nevada Bar No. 8586
6720 Via Austi Parkway
Suite 430
Las Vegas, Nevada 89119
Attorneys for Interested Parties Diamond A Partners, L.P. and Diamond A Investors, L.P.

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CERTIFICATE OF SERVICE

Pursuant to NRCP 5(b), I hereby certify that I am an employee of LAXALT & NOMURA, LTD., and that I caused to be served a true and correct copy of the foregoing **OBJECTION OF DIAMOND A PARTNERS, L.P. AND DIAMOND A INVESTORS, L.P. TO SETTLEMENT** by:

☐ Mail on all parties in said action, by placing a true copy thereof enclosed in a sealed envelope in a designated area for outgoing mail, addressed as set forth below. At the Law Offices of Laxalt & Nomura, mail placed in that designated area is given the correct amount of postage and is deposited that same date in the ordinary course of business, in a United States mailbox in the City of Las Vegas, County of Clark, Nevada.

☒ Mail to:

Mark E. Ferrario, Esq.
Kara B. Hendricks, Esq.
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169

☒ By electronic service by filing the foregoing with the Clerk of Court using the Wiznet system, which will electronically mail the filing to the individuals registered on the Court's E-Service Master List – Attached.

☐ Personal delivery by causing a true copy thereof to be hand delivered this date to the address(es) at the address(es) set forth below.

☐ Facsimile on the parties in said action by causing a true copy thereof to be telecopied to the number indicated after the address(es) set forth below.

☐ Federal Express or other overnight delivery

addressed as follows: ***See attached Master Service List***

DATED this 30th day of September, 2016.

An employee of Laxalt & Nomura, Ltd.

E-Service Master List
For Case
null - James Cotter, Jr., Plaintiff(s) vs. Margaret Cotter, Defendant(s)

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

CASE NO. A-15-719860-B
DEPT. NO. XI

Coordinated with:

CASE NO. P-14-082942-E
DEPT. NO. XI

CASE NO. A-16-735305-B
DEPT. NO. XI

Jointly administered

PLAINTIFF JAMES J. COTTER, JR.'S NOTICE OF INTENTION TO APPEAR AND STATEMENT OF OBJECTIONS RE FINAL APPROVAL OF SETTLEMENT

Date: October 6, 2016
Time: 8:30 a.m.

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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Las Vegas, NV 89169-5996
Lewis Roca ROTHGERBER CHRISTIE

I. INTRODUCTION

By the their "Joint Motion" and the "Notice of Pendency and Settlement of Action" (the "Notice") (collectively, the "Motion"), the so-called "T2 Plaintiffs," nominal defendant Reading International, Inc. ("RDI" or the "Company") and the individual defendants (collectively, the "Settling Parties") request that the Court determine that the "proposed Settlement, on the terms and conditions provided for the Settlement Agreement, is fair, reasonable and adequate and in the best interests of Reading and its current stockholders" and that the Court "finally approve the Joint Motion and the Judgment as provided in the Joint Motion, dismissing the T2 Action with prejudice and extinguishing the Released Claims." (Notice at 3: 21-27.)

Thus, the Settling Parties ask the Court to enter an order and judgment that, together with Court approval of the Settlement Agreement and its release terms, would release and extinguish all claims—of RDI and of RDI shareholders both derivatively and individually—against each and all of the individual defendants and a host of others.

The Settling Parties bear the burden of proving that the Settlement is fair, reasonable, adequate and in the best interests of RDI and its shareholders. The role of the Court in ruling on such a motion is to ensure that the interests of absent shareholders whose rights may be affected

by any order or judgment entered by the Court are fairly represented. The Court cannot grant the Motion unless it has evidence sufficient to responsibly conclude that the consideration proposed to be paid in exchange for the claims settled and releases provided is fair and adequate.

The Settling Parties cannot bear their burden and the Court should not grant the Motion for reasons described herein, including the following:

- The Settlement provides effectively no consideration to RDI and its shareholders. A derivative action cannot be settled without some benefit flowing to the corporation.
- The releases provided by the Settlement Agreement are broad releases of substantial value to the individual defendants, each of whom has contributed absolutely nothing to the Settlement. The Settling Parties cannot prove that those releases, which would amount judicially created immunity for all prior actionable conduct, are fair and reasonable, much less in the best interests of RDI and its shareholders.
- The "consideration" to be provided to RDI and its shareholders--a press release already issued and a non-disparagement agreement--is manifestly unfair and inadequate in view of the claims proposed to be settled and released.
- Recent, sworn testimony of the T2 Plaintiffs themselves confirms the inadequacy of the "consideration" to be provided to RDI and its shareholders.
- The scope of releases exceed the scope of matters that could be litigated in this action and the authority of the Court to approve and, in effect, award them.
- The Notice is deficient and misleading. It suggests that derivative claims will survive to be prosecuted by Plaintiff, but on the Motion seeks an order and judgment that apparently would extinguish all such claims.

For each of the foregoing reasons, Plaintiff and objector James J Cotter, Jr. ("Plaintiff") respectfully submits that the Motion must be denied.

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II. FACTUAL BACKGROUND AND PROCEDURAL HISTORY.

A. Plaintiff and Objector

Plaintiff and Objector was at all relevant times and presently is an RDI shareholder. He presently owns over 550,000 shares of RDI Class A stock, as evidenced by Exhibit A hereto. He can be reached through counsel of record in this action, whose information appears on the face page and signature page hereof, as well as through his counsel of record in the actions consolidated with the captioned action, Leigh Goddard of McDonald Carano Wilson LLP, 100 W. Liberty Street, 10th Floor, P.O. Box 2670, Reno, Nevada 89505 (775) 788-2000 and Michael Sherman of Stubbs Alderton & Markiles, LLP, 1900 Avenue of the Stars, Los Angeles, CA 90067 (310) 201-3576.

B. Developments Proximate to the Settlement

May 13, 2016	The Interested Director Defendants serve the motion to disqualify the T2 Plaintiffs based on their trading in RDI stock during the pendency of this action. RDI joins.
May 25, 2016	Plaintiff Whitney Tilson is deposed.
May 26, 2016	The Court denies the T2 Plaintiffs' Motion for Preliminary Injunction.
May 29, 2016	Third parties offer to buy all RDI stock at a cash price 33% above the then market price (the "Offer").
June 1, 2016	Plaintiff Jonathan Glaser is deposed.
June 16, 2016	Whitney Tilson attends the deposition of Ellen Cotter in New York and approaches her during the lunch break, apparently to initiate settlement discussions.
June 23, 2016	Defendants determine to reject the Offer as inadequate.
June 21, 2016	The Court denies motions by the Interested Director Defendants and RDI to disqualify the T2 Plaintiffs.
July 10, 2016	The "Settlement Agreement and Release of Claims" is executed. The T2 Plaintiffs are unaware of the Offer or the response.
July 12, 2016	The "Joint Motion for Preliminary Approval, [*etc.*]" is filed.

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July 18, 2016 RDI publicly discloses the Offer and the rejection of it.

C. The Settlement Agreement

According to the Settlement Agreement and Release of Claims (the "Settlement Agreement"), the supposed consideration provided was a contemporaneously issued press release and a non-disparagement agreement:

> As consideration for the Settlement and dismissal with prejudice of the T2 Action, the Parties have mutually agreed upon the terms of a press release discussing the reasons for the Settlement and further agree, as set forth herein below, not to disparage each other in connection with the T2 Action.

(Settlement Agreement, ¶2.)

The press release, issued by RDI on July 13, 2016 and attached as an exhibit to a Form 8-K filed by RDI with the SEC, purported to quote Messrs. Tilson and Glaser, including as follows:

> Messrs. Glaser and Tilson stated, "We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family-or entities they control-have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."

(*See* Ex. "B" hereto, excerpts of RDI's July 13, 2016 Form 8-K, including the press release which is an exhibit hereto.)

The Settlement provides as follows regarding releases to be provided by RDI and by RDI shareholders to the defendants:

> Subject to Court approval, a judgment will be entered (the "Judgment"). Upon entry of the Judgment, the T2 Action will be dismissed in its entirety and with prejudice and the following releases will occur:
>
> a. Release of Claims by Reading, T2 Plaintiffs, and Other Reading Stockholders: Reading, and the T2 Plaintiffs, who have purported to bring

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derivative claims on behalf of Reading and all its stockholders, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released T2 Plaintiffs' Claims against Defendants and any other Defendants' Releasees.

i. "Released T2 Plaintiffs' Claims" means all any and all manner of claims…actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown…including Unknown Claims (as defined below), whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts, such as, but not limited to, federal securities claims or other claims based upon the purchase or sale of shares), that are, have been, could have been, could now be, or in the future could, can, or might be asserted, in the T2 Action or in any other court, tribunal, or proceeding by: T2 Plaintiffs derivatively on behalf of Reading, or on their own behalf; by Reading's stockholders on behalf of Reading; or by Reading directly against any of the Individual Defendants' Releasees, which claims, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions…events, claims or any other matters, things or causes whatsoever, or any series thereof, that relate in any way to, or could arise in connection with, the alleged breaches of fiduciary duty, abuse of control, mismanagement, negligence, aiding and abetting, the making or not making of required securities law disclosures, and/or corporate waste, including but not limited to those alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or related to the Amended T2 Complaint or the T2 Action, except for claims relating to the enforcement of the Settlement…. The Parties acknowledge that this Release does not serve to require dismissal of the claims raised by James Cotter Jr. in his First Amended Complaint.

ii. "Defendants' Releasees" means Reading, each of the Individual Defendants, any other current or former officer, director or employee of Reading or any of Reading's affiliates… The Parties acknowledge that this Release does not prevent Reading or the Individual Defendants from raising any counterclaims or defenses in the James Cotter Jr. Action.

(Settlement Agreement, ¶4.)

Section 5 of the Settlement Agreement provides in part as follows:

If the Court approves this Settlement, the Partners shall jointly request entry of the proposed Order and final Judgment…[which] shall dismiss the T2 Action with prejudice an against any and all Defendants.

(Settlement Agreement, ¶5.)

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D. The Order and Final Judgment Sought by the Motion.

The "Order and Final Judgment" (submitted as Exhibit C to the Joint Motion), which is what the Settling Parties ask the Court to enter after approving the Settlement as fair, reasonable and adequate and in the best interests of RDI and its shareholders, reads in relevant part as follows:

> All claims contained in the First Amended Complaint filed by the [T2 Plaintiffs] are dismissed in their entirety with prejudice.

(Order and Final Judgment at 2:19-23).

Thus, Settling Parties seek a "final judgment" dismissing with prejudice all claims brought by the T2 Plaintiffs derivatively on behalf of RDI, which presumably is intended to include some claims that have been brought by Plaintiff, as well.

E. Supposed Settlement Negotiations

Paragraph 13 of the Notice states as follows:

> "In connection with efforts to settle this matter, the Parties engaged in extensive discussions."

(Notice, ¶13.)

However, neither in the Notice nor elsewhere have the Settling Parties provided the Court or RDI shareholders with any information whatsoever regarding the supposed settlement negotiations. The only information Plaintiff and Objector otherwise possesses is that Mr. Tilson approached EC at the lunch break of her deposition in New York City on June 16, 2016 and had settlement discussions. Neither the T2 Plaintiffs nor defendants ever apprised counsel for Plaintiff of any settlement discussions, much less sought to include Plaintiff a participant.

F. The T2 Plaintiffs' Sworn Testimony Contradicts The Notice and The Press Release

The deposition of T2 Plaintiff and decision maker Whitney Tilson was taken in this case by defendants on May 25, 2016. Among other things, Mr. Tilson testified that:

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- **He believes that EC and MC orchestrated a "coup" to remove Plaintiff as President and CEO of RDI. (*Id.* at 106:18-109:23; Exhibit "C" hereto.)**(Emphasis supplied.)

- He believes that the timing of SEC filings last year related to sisters' machinations regarding ownership of voting stock. (Tilson May 25, 2016 Deposition transcript at 133:9-25.0)
- **If the T2 Plaintiffs' preliminary injunction motion [the next day] were successful, he would replace a majority of RDI's Board of Directors, naming EC, MC, Kane and Adams as the "first four" to be removed.** (*Id.* at 160:6-14.)(Emphasis supplied.)

- **If the T2 Plaintiffs were successful on their preliminary injunction motion, they would have replaced EC as CEO." [m]ost importantly, [we would] get well-qualified and independent directors onto the Board. And the single most important thing any Board does is, is hires the CEO, and so we'd engage in that process. Those are the two by far most important things that would need to be done immediately."** (*Id.* at 163:23-164:8.)(Emphasis supplied.)

- He would give Codding and Wrotniak a "fair hearing" but does not know much about them other than he is suspicious of them because of their connections to the Cotter family. (*Id.* at 160-163, 174.)

    - Jon Glaser has considered Board replacements, as well as having Tilson, Glaser and Glenn Tongue as Board members (*Id.* at 164-65.)

- **Regarding the present situation with the RDI Board of Directors, he said that "until something happens to change the status quo the current board and management don't give a crap what I think and certainly aren't doing what I think they should be doing."** (Id. at 180)

- He thinks that the stock price is depressed because "investors see a board and management that view this as a private company and run it as a private fiefdom.... I think there's the widespread perception, one that I share, that there's really not that much concern for class A shareholders out there.") Id. at 181:16-25.)

On June 1, 2016, T2 Plaintiff and decision-maker Jonathan Glaser testified at deposition, among other things, that:

- **He earlier in the year had indicated to the Company's then CFO, with whom he previously spoken from time to time, that the principal term on which he would insist to resolve his lawsuit was that he had the right to put two members on the Reading Board of Directors**. He added that the then CFO called him back and said that the Company was not interested. He further testified that he identified three particular people with real estate investment experience, had spoken to them have and been told they were interested in serving on the Company's Board. (Jonathan Glaser June 1, 2016 deposition transcript; Exhibit "D" hereto at 44:11 – 51:24.) (Emphasis supplied.)

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- **His objective in seeking to place persons on the Company's Board of Directors was to "get some adults in the room, so to speak, and have some independent directors, provide the Company with... some needed expertise in areas of its business and accomplish the goal of assuring shareholders that there was some independent Board members in the room."** He added that the two new appointees, Codding and Wrotniak, "don't appear to have any special expertise that's helpful, especially helpful to the Company." In terms of the function of the Company's Board of Directors, he said "it's somewhat of a circus and has been for a long time. And it's in need of some—I believe some outside independent members." (*Id.* at 52:14 – 53:19.) (Emphasis supplied.)

- **Regarding the termination of Plaintiff as President and CEO of the Company, Glaser testified as follows: "if the allegation that he was -- that his termination was used as leverage to get him to settle the ongoing probate litigation, then, yes, it was wrong."** (*Id.* at 60:14-61:18.) (Emphasis supplied.)

- When asked if he had in effect, quantified damages, he identified $250,000 paid to the outside search Company for the CEO search, $250,000 paid to Tim Storey to act as a go-between between the sisters, interest forgiven on loans, and depression of the stock price due to the conduct of defendant [1nd Plaintiff]. (*Id.* at 73:15 – 74:24.)

- **When asked if he thought he had gotten the attention of the Company, he responded that the defendants had been "stonewalling" and "[t]they're acting like they have something to hide." He concluded: "so I don't know if they have gotten the message or not. I really don't think they do."** (*Id.* at 120:5 – 121:11.) (Emphasis supplied.)

III. ARGUMENT

A. Legal Standards Applicable to the Motion

The burden of proving the adequacy of a settlement rests upon the settlement proponents. *In Re Maxxam, Inc.*, 659 A.2d 760, 776 (Del. Ch. 1995), citing *Barkan v. Amsted Indus., Inc.*, 567 A.2d 1279, 1285-86 (Del. 1989); *Lewis v. Hirsch*. No. Civ. A. 12532, 1994 WL 26355, at *7 (Del. Ch. June 1, 1994). In determining whether a proposed settlement is fair and reasonable, the Court must balance policy preferences in favor of voluntary settlement against the need to ensure that the interests of absent shareholders whose rights may be affected by any order or judgment entered by the Court are fairly represented. *See Strategic Asset Mgmt., Inc. v. Nicholson,* No. Civ. A. 20360-NC, 2004 WL 1192088, at *2 (Del. Ch. May 20, 2004).

In determining whether a proposed settlement is fair and reasonable and in the best interests of the nominal corporate defendant and its shareholders, factors to be considered have

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been identified as: (1) the probable validity of claims, (2) difficulties in enforcing the claims through the courts, (3) the collectability of any judgment recovered (4) the delay, expense and trouble of litigation (5) the amount of compromise as compared with the amount of collectability of a judgment and (6) the view of the parties involved. *Polk v. Good,* Del. *Supra,* 507 A.2d 531, 536 (Del. 1986). "The core consideration…involves a weighing of the nature of the claims asserted and the probably of ultimate success against the benefits to be offered by [the] proposed settlement." *Lacos Land Co. v. Arden Group, Inc.* No. Civ. A. 8519, 1986 WL 14525, at *3 (Del. Ch. Dec. 24, 1986). *See also In re Trulia, Inc. Stockholders Litig.,* 129 A.3d 884, 907 (Del. Ch. 2016) (settlement of class action not approved because the "get" *i.e.*, the consideration to be received, was not adequate compared to the "give," *i.e.*, the releases to be provided.)

A court should not approve a proposed settlement unless the court has sufficient information to responsibly "conclude that the consideration proposed to be paid and in consideration of the claims to be settled and release[d] is fair and adequate." *In Re Republic Am. Corp. Litg.*, Civ. A. No. 10112, 1989 WL 31551, at *1 (Del. Ch. Apr. 4, 1989) (court declined to approved settlement because of its "relatively uninformed state."

A derivative action cannot be settled without some benefit flowing to the corporation. *Kovacs v. NVF CO.,* No. Civ. A. 8466, 1987 WL 758585 (Del. Ch. Sept. 10, 1987), revised Sept. 16, 1987; *Strategic Asset Mgmt., Inc. v. Nicholson*, No. Civ. A. 203 60-NC, 2004 WL 1192088, at *2 (Del. Ch. May 20, 2004).

Another important factor to be considered by a court determining whether to approve a settlement as fair and reasonable is the scope of the release and the proposed final order and/or judgment. *In Re Lousiana- Pacific Derivative Litig.,* 705 A.2d 238 (Del. Ch. 1997) (court refused to approval final order and judgment submitted by Settling Parties that purported to release all claims belonging to the corporation or any of its shareholders); *Carlton Invs. v. TLC Beatrice, Int'l Holdings, Inc.,* C.A. No. 13950, 1997 WL 208962 (Del. Ch. Apr. 21, 1997) (same).

Another factor considered by courts in reviewing proposed settlements and is whether the settlement was approved by stockholders who were fully informed. *Hoffman v. Dann,* 205 A.2d 343, 353 (Del. 1964), *cert. denied*, 380 U.S. 973 (1965).

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Additionally, with respect to the settlement negotiation process, where it appears that the settling defendants have settled with one of two or more adversaries and excluded the other adversary or adversaries from the settlement process, the settlement must be carefully scrutinized. *In Re MAXXAM, Inc.*, 659 A.2d at 776. In this regard, the Court *In Re MAXXAM, Inc.* stated as follows:

> …this case has the unmistakable footprint of an effort by the defendants to negotiate a settlement with an adversary that they preferred, in order to extinguish claims being pressed by the adversary whom they disfavored, and to relegate that disfavored adversary to the status of an objector to the settlement. This transmutation of the settlement process into an offensive weapon has been criticized by our Supreme Court and has resulted in significant changes in the procedures for approving settlements of class actions. *Prezant v. DeAngelis,* Del. Supr., 636 A.2d 915 (1994). *Although the exclusion of a significant party litigant from the settlement negotiations will not, in and of itself, invalidate a proposed settlement, that approach, because of its inherent potential for abuse, will cause the settlement to be carefully scrutinized. See e.g., Stepak v. Tracinda Corp.,* Del.Ch., C.A. No. 8547, Allen, C., 1989 WL 100884 (Aug. 15, 1989).

In Re Maxxam, Inc. 689 A.2d at 776. (Emphasis supplied.)

The critical role of a court in scrutinizing a settlement which is the subject of a motion that the court determine it to be fair and reasonable has been summarized as follows:

> 'It is well established that a court should not merely rubber stamp whatever settlement is proposed by the parties to a shareholder derivative action. A court must, instead, exercise judgment sufficiently independent and objective to safeguard the interests of *shareholders not directly involved in the action* [citations omitted] … *At the very least, the district court must possess sufficient evidentiary facts to show the fairness of the proposed settlement; the burden is placed squarely on the proponents of the settlement to show that it is in the best interests of all those who will be affected by it.'*

Fricke v. Daylin, Inc. 66 F.R.D. 90, 97 (E.D.N.Y. 1975), quoting *Greenspun v. Bogan*, 492 F.2d 375, 378 (1 Cir. 1974) (Emphasis added.). *See also In re MAXXAM Group, Inc.*, No. Civ. A. 8636, 1987 WL 10016, at *1 (Del. Ch. Apr. 16 1987) ("The essential function of the court on an application of this kind is to protect the interests of the absent class members who, although they

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have not actively participated in litigating the claims asserted, will nevertheless be barred from future litigation of any such claims is the proposed settlement is approved and effectuated.")[1]

B. The Motion Should be Denied.

1. The Settling Parties Have Not Satisfied and Cannot Satisfy Their Burden of Proving the Adequacy of the Settlement, Particularly Given the Enhanced Scrutiny Required

The Settling Parties have provided no basis upon which the Court can conclude that good faith, arms' length negotiations occurred. They also provide no explanation for why the T2 Plaintiffs did not even invite Plaintiff to participate in any settlement negotiations. The failure to even offer to include Plaintiff creates the specter if not the reasonable inference that the 'negotiations" were little if anything more than the T2 Plaintiffs indicating to the defendants that they were through litigating as representative plaintiffs and asking what it would take to procure defendants' agreement to settle.

As to the terms of the Settlement Agreement, no explanation is apparent as to why it is in the best interests of RDI and its shareholders to give broad releases, much less in exchange for nothing. The Settlement Agreement and the Notice both describe the consideration for the

[1] Plaintiff previously has pointed out that the purpose for which the settling defendants seek Court approval is to seek to bar the claims released by the Settlement Agreement, including claims brought by Plaintiff. Counsel for the Company—but perhaps not as clearly as to counsel for the individual defendants—has responded, pointing to a supposed carve out excluding claims sought by Plaintiff. The Court in that context appeared to rely on those statements and the supposed carve out.

However, the supposed carve out will be illusory if the Court enters the Final Order and Judgment sought by the Settling Parties. The Settlement Agreement by its terms purports to release all claims the Company has, and all claims RDI shareholders have derivatively and directly, against the individual defendants. The proposed judgment would dismiss the T2 lawsuit on the merits. The Notice therefore is inadequate and misleading in this respect.

While acknowledging that lower courts were split on whether there is privity between derivative stockholders as a matter of Delaware law, the Delaware Supreme Court in *Pyott v. Louisiana Municipal Police Employees' Retirement System*, 74 A.3d 612, 614, 618 (Del. 2013), in applying California law held that "derivative stockholders are in privity with each other because they act on behalf of the defendant corporation." Were a Nevada court to so hold, it is a short step from that legal precept to Nevada law regarding issue preclusion for the judgment sought here to bar the claims of all RDI shareholders, including Plaintiff.

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Las Vegas, NV 89169-5996

Settlement as a press release and non-disparagement agreement. That press release, already disseminated, is on its face of no value to RDI or any of its shareholders. Likewise, no explanation is possible for why the broad releases provided to the defendants pursuant to the Settlement Agreement--by both RDI and by RDI shareholders--are in the interests of RDI and or its shareholders, independent of the lack of consideration flowing to RDI or is shareholders.

Simply put, the Settling Parties cannot proffer anything even approximating evidence sufficient to enable the Court to responsibly "conclude that the consideration proposed to be paid and in consideration of the claims to be settled and released is fair and adequate." That is because the Settlement does not provide "substantial and immediate benefits for Reading its current stockholders".

The T2 Plaintiffs understand that. The fact that the T2 Plaintiffs understand that the Settlement does not provide "substantial and immediate benefits to RDI and its current shareholders" is evidenced by their own sworn deposition testimony, including as quoted above, given only weeks before they apparently decided to quit litigating and settle. That testimony makes clear that the T2 Plaintiffs are of the view that, at a minimum to any settlement members of the RDI Board of Directors need to be replaced by qualified, independent directors.

Because the Settlement Agreement provides RDI and its shareholders no consideration of any kind, much less what the T2 Plaintiffs swore they thought was minimally necessary, they cannot honestly or in good faith represent to the Court that the Settlement provides benefits to Reading or its current shareholders sufficient to make it fair, reasonable and in the best interests of Reading and its shareholders.

The Settling Parties' cannot meet their burden of proving the adequacy of the Settlement. That is particularly true given the fact that the Settlement was reached by secret discussions from which Plaintiff was excluded. Only if the role of the Court is to rubber stamp the Motion and

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approve the settlement, which it is not, should the Settlement be approved as fair, reasonable and adequate, and in the best interests of RDI and its shareholders.

2. All of the Considerations that the Notice Acknowledges Weigh Against the Relief Sought

Paragraph 17 of the Notice posits that "the Settlement provides substantial and immediate benefits for Reading and its current stockholders." As demonstrated above, that conclusion is erroneous. In fact, the Settlement provides that RDI and RDI stockholders give defendants broad releases—and virtual immunity—in exchange for **no consideration**. That is not a "substantial and immediate benefit to [RDI] and its current stockholders." On the contrary, it would constitute substantial and immediate harm to RDI and its shareholders.

In fact, the Settlement Agreement does not identify or provide any benefits for Reading or it stockholders. As described above, literally the only "consideration" supposedly flowing to RDI or its shareholders from the Settlement Agreement was a press release (and non-disparagement agreement). The press release already was disseminated and is of no benefit to Reading or it shareholders. Nor is the non-disparagement agreement.

As observed above, a derivative action cannot be settled without some benefit flowing to the corporation. There is none here and that factor alone requires that the Motion be denied.

As to the six considerations typically considered (which the Settling Parties acknowledge in paragraph 17 of the Notice), the Settling Parties cannot satisfy the burden of showing that those considerations weigh clearly in favor of the Court awarding the relief sought by the Motion.

The first consideration typically addressed by a court in determining the fairness and reasonableness of a proposed settlement is the probable validity of the claims that are compromised by the settlement. The Notice lists that item is the second item and describes it as the probability of success on the merits.

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As the Court knows, motions to dismiss Plaintiff's complaint and the T2 Plaintiffs' complaint were denied. Substantial discovery has been taken and, as the Court has seen from discovery motions, the discovery substantiates many if not most of the substantive allegations made in the pending complaints.

By way of example only, both then contemporaneous documents and handwritten notes, as well as sworn deposition testimony by individual defendants, show that Plaintiff was threatened with termination if he did not resolve certain trust and estate disputes with EC and MC, that a vote to terminate him was not taken when EC announced that Plaintiff had agreed to their terms and, finally, when no agreement came to fruition, the vote was had and Plaintiff was terminated. (*See* Exhibits "E" and "F" hereto, which are excerpts of the deposition testimony of then RDI director Tim Storey and director defendant Kane, respectively, including deposition exhibits.)

For example, on the evening of May 28, 2015, before a supposed May 29 board meeting to vote on the termination of Plaintiff, Kane told Plaintiff that: "Ellen is going to present you with a global plan to end the litigation and move the Company forward." "*If you agree to it*, you, Ellen and Margaret will work in a collaborative manner *and you will retain your title*." "If it is a take-it-or-leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, even though I have not seen or heard the particulars." (Kane 5/31/16 Dep. Tr. At 362-368, included in Exhibit F hereto.)

Storey testified that the supposed May 29 board meeting adjourned with a majority of the non-Cotter directors, meaning Kane, Adams and McEachern, telling Plaintiff that he had until the meeting reconvened telephonically at 6 p.m. that night to strike a deal with his sisters, EC and MC, failing which the vote to terminate would proceed and he would be terminated. Storey testified that his contemporaneous handwritten notes accurately summarize what transpired, which was:

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> "long board discussion"
>
> " ended with basically a command from" majority" – Jim go settle something with sisters in next hour or you will be terminated."

(*See* Storey 2/12/16 Dep. Tr. At 110:6-12, included in Ex. 17 included Ex. "E" hereto.)

Kane in deposition agreed that, on May 29, 2015, the vote to terminate Plaintiff was not had because a Plaintiff appeared to have reached an agreement satisfactory to MC and EC. (*See* Kane 5/2/16 Dep. Tr. at 191:6–24, included in Ex. "F" hereto.). When that tentative agreement did not come to fruition, Kane resumed pressuring Plaintiff to accede to his sisters' demands, under threat of termination: "I do believe that if you give up what you consider 'control' for now to work cooperatively with your sisters," Kane admonished, "you will find that you will have a lot more commonality than you think." (*See* Kane Dep. Ex. 306 at p. EK 00001613 included in Ex. "F" hereto.) "Otherwise," Kane threatened, "you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity." (*Id.*) Tellingly, Kane also wrote:

> "[F]or now I think you have to concede that Margaret will vote the B stock. As I said, you dad told me that giving Margaret the vote was his way of 'forcing' the three of you to work together. Asking to change that is a *nonstarter*."

(*Id.*)

It is a rhetorical question to ask what interest of the Company was served by threatening Plaintiff with termination to pressure him to resolve trust and estate disputes Plaintiff had with EC and MC on terms effectively dictated by them. This is simply an example of a merits issue as to which the claims made are not merely colorable, they are well-taken.

Also by way of example, Plaintiff's Second Amended Complaint pleads a clear case of waste. In March 2016, MC was appointed Executive Vice President—Real Estate Development—New York City, ("EVP--RED – NYC") on EC's recommendation as President and CEO. (*See* RDI Form 8-K excerpts dated March 15, 2016, attached hereto as Exhibit G.) As EVP--RED – NYC, MC was awarded a compensation package that includes a base salary of $350,000 and a short-term incentive target bonus of $105,000 (30% of her base salary), and was

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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. (*Id.*) As EVP--RED – NYC, MC became the senior executive at RDI responsible for development of its valuable New York City real estate however, MC has no real estate development experience. (*See* MC's Dep. Tr. at 226:1-231:13, Ex. H hereto; Adams 4/28/16 Dep. Tr. at 152:23-154:21, Ex. I hereto; Storey 8/3/16 deposition at 17:10-17, included in Ex. E hereto.) For that reason, among others, Plaintiff's Second Amended Complaint asserts that the payment of those monies (and others) to MC constitutes waste.

The Settling Parties cannot provide evidence sufficient to enable the Court to responsibly conclude that the consideration proposed to be paid **--nothing--** in consideration of the claims of RDI and RDI shareholders to be settled and released--everything--is fair and reasonable. As the examples above illustrate, Plaintiff has made claims that are meritorious, not merely colorable.

Three other considerations typically are described as difficulties in enforcing the claims through the courts, the collectability of any judgment recovered and the delay, expense and trouble of litigation. The Notice acknowledges these considerations when it references "the attendant risks of continued litigation and the uncertainty of the outcome of the T2 Action" and "the inherent problems of proof associated with, and possible defenses to, the claims asserted in the T2 Action." At this stage of the case, each of these considerations also weigh against granting relief sought. Any additional incremental costs of litigating at this point cannot weigh in favor of the settlement at issue here.

The consideration of the amount of compromise as compared with the amount of collectability of a judgment also cannot weigh in favor of approval of the Settlement as fair and reasonable. The Settling Parties cannot prove to the Court that Plaintiffs can procure neither monetary nor nonmonetary relief by way of this action. Both Plaintiff's Second Amended Complaint and the T2 Plaintiffs' First Amended Complaint identify several instances of transparent corporate waste, including but not limited to payments to MC described above, and both identify instance after instance of self-dealing conduct. The T2 Plaintiffs themselves set the bar for settlement at removal and replacement of at least two directors—which they did not obtain.

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As to the view the parties involved, the recent sworn deposition testimony of Messrs. Tilson and Glaser make it clear that their actual views are the antithesis of the statements, ascribed to them in the press release. More to the point, their shared view is that remedial corporate governance concessions, starting with replacing at least two directors, is the absolute minimum consideration sufficient to warrant settling their case. Any views to the contrary expressed by them must be recognized by the Court as mere posturing in support of the Motion. Finally, counsel for Plaintiff has shown throughout this case that Plaintiff's allegations are well-taken and his claims are meritorious, and that the fiduciary breaches claimed will be proved.

DATED this 22nd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5958
Attorneys for Plaintiff
James J. Cotter, Jr.

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of September, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Judy Estrada
An employee of Lewis Roca Rothgerber Christie LLP

Lewis Roca
ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

APPENDIX OF EXHIBITS
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EXHIBIT ‘A’

UBS

UBS Financial Services Inc.
888 San Clemente Drive, Suite 400
Newport Beach, CA 92660-6301
Tel. 949-760-5308
Fax 949-717-5612
Toll Free 800-854-1222

www.ubs.com

September 21, 2016

Mr. James J. Cotter
311 Homewood Road
Los Angeles, CA 90049

Dear Mr. Cotter:

As of September 19, 2016, your current Reading Intl holdings are as follows:

120,303 shares of Reading Intl Inc Non Vtg Cl A
418,583 shares of Restricted Reading Intl Inc Non Vtg Cl A

Thank you.

Sincerely,

Jannel Buckley,
Supervisory Officer

TD Ameritrade

September 20, 2016

James J Cotter
311 Homewood Rd
Los Angeles, CA 90049

Re: Your TD Ameritrade Individual Account

Dear James J Cotter,

Thank you for allowing me to assist you today. As you requested, this letter confirms the following:

As of the start of day on September 20, 2016, there were 21,300 shares of Reading International Inc (RDI) held in your TD Ameritrade Individual account.

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Client Services at 800-669-3900. We're available 24 hours a day, seven days a week.

Sincerely,

Andrew P Haag
Resource Specialist
TD Ameritrade

EXHIBIT 'B'

8-K 1 rdi-20160713x8k.htm 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 13, 2016

READING INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	1-8625	95-3885184
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6100 Center Drive, Suite 900, Los Angeles, California	90045
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(213) 235-2240**

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Item 8.01 Other Events.

Reading International, Inc. ("Reading" or the "Company"), through its press release dated July 13, 2016, announced today that plaintiff stockholders consisting of funds managed by Whitney Tilson and Jonathan M. Glaser have withdrawn the derivative lawsuit filed previously in the District Court of the State of Nevada for Clark County under the caption T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company; and Pacific Capital Management, LLC, a Delaware limited liability company (collectively the "T2 Derivative Plaintiffs"), derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen M. Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak and Craig Tompkins (collectively the "Individual Defendants") and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a

Nevada corporation, as Nominal Defendant. The withdrawal requires Court approval, and pleadings seeking such approval have been filed by the T2 Derivative Plaintiffs, the Individual Defendants and the Company. Incident to such withdrawal, the parties have entered into a Settlement Agreement, including mutual general releases, a copy of which is filed as an exhibit hereto.

Item 9.01 Financial Statements and Exhibits.

99.1 Press release issued by Reading International, Inc. on July 13, 2016, entitled "Stockholders withdraw derivative suit against Reading International".

99.2 Settlement Agreement dated July 10, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

READING INTERNATIONAL, INC.

Date: July 13, 2016

By: /s/ Ellen Cotter
Name: Ellen Cotter
Title: Chief Executive Officer

EX-99.1 2 rdi-20160713xex99_1.htm EX-99.1

Stockholders Withdraw Derivative Lawsuit
Against Reading International

Los Angeles, California, - (BUSINESS WIRE) – July 13, 2016 – Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") and Messrs. Whitney Tilson and Jonathan M. Glaser, acting on behalf of various funds that they manage (the "Plaintiff Stockholders"), have announced that the Plaintiff Stockholders have withdrawn all of their alleged claims (the "Derivative Claims") in the previously filed derivative lawsuit in the District Court of the State of Nevada for Clark County. Collectively, the Plaintiff Stockholders own approximately 845,000 shares, representing approximately 3.6% of the outstanding equity of our Company. Through their various funds, Mr. Glaser has been a significant stockholder of Reading since 2008, and Mr. Tilson has been a significant stockholder since October 2014.

Commenting on the withdrawal of the lawsuit, the Company stated, "We are pleased that Mr. Glaser and Mr. Tilson have agreed to dismiss their claims. We remain focused on building long term value for all stockholders."

Mr. Tilson stated that the Plaintiff Stockholders brought the Derivative Claims as a result of the allegations contained in a derivative action filed by Mr. James J. Cotter, Jr. on June 12, 2015, in the District Court of the State of Nevada for Clark County. As stockholders in the Company, Messrs. Tilson and Glaser wanted to ensure that the interests of all stockholders were being appropriately protected. In connection with the litigation, the Plaintiff Stockholders conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Tim Storey and James Cotter, Jr. Following their efforts on behalf of all stockholders, Messrs. Tilson and Glaser have concluded that the Reading Board of Directors has acted in good faith and has been and remains committed to acting in the interests of all stockholders. Continuing with their derivative litigation would provide no further benefit.

Messrs. Glaser and Tilson stated, "We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family-or entities they control-have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."

In connection with the dismissal of the Derivative Claims, the parties have agreed to mutual general releases with each party bearing his, her or its own legal fees and expenses. Further, the parties will petition the court for approval of the settlement.

About Reading International, Inc.

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

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

Reading manages its worldwide business under various brands:

- in the United States, under the

- Reading Cinema brand (http://www.readingcinemasus.com);
- Angelika Film Center brand (http://www.angelikafilmcenter.com);
- Consolidated Theatres brand (http://www.consolidatedtheatres.com);
- City Cinemas brand (http://www.citycinemas.com);
- Beekman Theatre brand (http://www.beekmantheatre.com);

- The Paris Theatre brand (http://www.theparistheatre.com);
- Liberty Theatres brand (http://libertytheatresusa.com); and
- Village East Cinema brand (http://villageeastcinema.com).

· in Australia, under the

- Reading Cinema brand (http://www.readingcinemas.com.au);
- Newmarket brand (http://readingnewmarket.com.au); and
- Red Yard brand (http://www.redyard.com.au).

· in New Zealand, under the

- Reading Cinema brand (http://www.readingcinemas.co.nz);
- Rialto brand (http://www.rialto.co.nz);
- Reading Properties brand (http://readingproperties.co.nz);
- Courtenay Central brand (http://www.readingcourtenay.co.nz); and
- Steer n' Beer restaurant brand (http://steembeer.co.nz).

For more information from Reading International, Inc., contact:

Dev Ghose
Executive Vice President & Chief Financial Officer
(213) 235-2240

or

Andrzej Matyczynski
Executive Vice President for Global Operations
(213) 235-2240

For more information from Plaintiff Stockholders, Whitney Tilson and Jonathan Glaser, contact:

Robertson & Associates, LLC
Alexander Robertson, IV
(818) 851-3850

EXHIBIT ‘C’

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

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Videotaped Deposition of WHITNEY TILSON, individually and as Person Most Knowledgeable for certain T2 and Tilson entities, Volume I, taken at 865 South Figueroa Street, 10th Floor, Los Angeles, California, commencing at 10:12 a.m. and ending at 3:18 p.m., Wednesday, May 25, 2016, before Janice Schutzman, CSR No. 9509.

Q. And who you described as an activist shareholder; is that right?

A. Yes, activist investor.

Q. And if you take a look, starting on the first page of the document which is at -- 12:14PM

A. Uh-huh.

Q. -- 1151.

A. Uh-huh.

THE REPORTER: Is that "yes"?

THE WITNESS: Yes.

BY MR. SEARCY:

Q. That's an email from you, dated July 4th; correct?

A. The one at the bottom to Weinreb or Glenn Tongue -- 12:15PM

Q. That carries over to the next page?

A. Yes.

Q. And you write:

"Yes, she and her sister engineered a board coup that ousted 12:15PM their brother as CEO, which he is now suing to undo."

A. Yes.

Q. Do you see that?

A. Yes, I do. 12:15PM

Q. And you write:

"My thesis is that, assuming a purchase price modestly above today, you could sell the theaters and miscellaneous real estate and end up getting two valuable NYC properties for free." 12:15PM

A. Yes.

Q. And is that what your understanding is that you're relaying to Mr. Weinreb about the benefits of a possible purchase of RDI? 12:15PM

A. Yes.

Q. Okay. And when you use the word "coup" --

A. Uh-huh.

Q. -- in your email, what did you mean by the word "coup"? 12:15PM

A. Meaning he was ousted in a hostile way and may have been blindsided by it.

Q. Were you trying to suggest there was an improper use of board powers with the word "coup"? 12:16PM

A. I think I was more conveying that what I then say explicitly in the very next sentence, which, is, "It is ugly." This was not a normal transition -- CEO transition.

Q. When you say it's not normal, were you 12:16PM

trying to suggest that there was anything improper about that CEO transition?

A. At that time, I didn't have the information that I do now.

Q. So at that time you used the word "coup," but you didn't know whether or not it had been improper in any way; is that right? 12:16PM

A. Correct.

Q. And do you think your use of the term "coup" suggested that it was somehow improper, the removal of Jim, Jr., from CEO? 12:16PM

MR. ROBERTSON: Objection, calls for speculation.

THE WITNESS: Does that mean I should answer it? 12:17PM

MR. ROBERTSON: Yeah, you can answer if you --

THE WITNESS: Oh.

MR. ROBERTSON: -- understand it.

THE WITNESS: I suspected that there had been -- I think I suspected, given the tone of the earlier lawsuit that I had seen, et cetera, that there had been an ugly board fight about this. I suspected that and turns out I was right. 12:17PM

BY MR. SEARCY: 12:17PM

Q. Well, we're focusing on the word "coup" right here.

When you say "ugly" --

A. Uh-huh.

Q. -- are you using that to refer to -- in connection with your use of the word "coup" in your email? 12:17PM

A. I was -- I think when I said "it's very ugly," I meant just the general situation of controlling shareholders, filing lawsuits against one another in general, and then the sudden and unexpected ouster of the hand-picked successor to the guy who built the company, his own son being ousted in a -- suddenly. 12:18PM

Q. So as you were using the word "coup" here, you're referring more to the sudden nature of it? Is that your testimony? 12:18PM

A. I think it was -- I was simply speculating here that he did not go willingly and that there was likely a board fight behind this. I've seen this kind of thing -- this kind of thing has happened before in the investing world, and so I was just using a word that conveyed a contentious situation. 12:18PM

Q. Then it appears that you've forwarded this exchange along with others to your attorney; is that 12:19PM

it's your understanding that there is a dispute over who controls the trust; is that right?

A. I believe so.

Q. That's the same dispute that we were talking about earlier today where you forwarded a copy of the complaint to various people on your RDI distribution list; is that right? 01:27PM

A. I believe that is the same trust.

Q. Other than that trust litigation, is there any other new fact that you can identify for me? 01:28PM

A. I'd have to reference the filing to have a better understanding of the details. I was reviewing this at -- very, very early this morning.

But there seemed to be some machinations regarding timing of SEC filings last year by the two sisters regarding voting some of the shares. That was new information. 01:28PM

They appeared of the commissioner of elections or whoever it is who decides whether shares can be voted, the sisters made representations to that person that they controlled the trust and asserted something which was not, in fact, correct. That was new information. 01:28PM

I'm -- there was one other thing. Let me see if I can recall. 01:29PM

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.

THE WITNESS: Okay. My answer was, is because she does not have any experience, to my knowledge, in either cinema or real estate.

BY MR. SEARCY:

Q. But of course, at the time that you were at Cutter and Buck, you didn't have any experience in golf apparel; correct? 02:13PM

A. Correct.

Q. And you were able to contribute to the board? 02:13PM

A. Correct.

Q. Have any reason to believe that Ms. Codding can't make a similar contribution to the board?

A. I wouldn't equate the two. I own 2 percent of the company. I'm -- and I certainly brought a capital allocation perspective, et cetera, to the board of Cutter and Buck, and also helped insulate Cutter and Buck from an activist hedge fund shareholder rattling the bars of our cage on the outside. 02:13PM 02:14PM

So I -- like I said, I'd be open to hearing what Judy Codding brings to the board.

Q. You haven't looked into what she brings to the board one way or the other at this point; correct?

A. No --
Q. Other than --
A. -- not in any depth.
Q. -- in conversation with your friend?
A. It wasn't even really a conversation. 02:14PM
Just -- we agreed not to talk about it because I'm involved in litigation, but just -- she said Judy Codding was someone she's known for a long time and is a good person, basically, was the extent of the conversation. 02:14PM
Q. Michael Wrotniak, would you keep him on the board?
A. Same answer as with Codding. Not clear what a carbon trader brings to the table. But other than reading his bio, I don't know anything about 02:14PM him.
Q. So you'd have to have a conversation with him and see what he brings?
A. Yes.
Q. Okay. It would be something akin to what a 02:15PM nominating committee might do?
A. Sure.
Q. Okay. Other than replacing Ellen and Margaret Cotter, Ed Kane, and Guy Adams from the board of directors, what else would you do with the 02:15PM

company if you were successful in your motion for preliminary injunction?

A. Most importantly, get well-qualified and independent directors onto the board. And the single most important thing any board does is, is hires the CEO, and so we'd engage in that process. 02:15PM

Those are the two by far most important things that would need to be done immediately.

Q. Have you identified who the members of the board of directors would be? 02:15PM

A. We have some candidates in mind.

Q. Okay. Who are those candidates?

THE WITNESS: Have we filed this publicly in any way?

MR. ROBERTSON: Huh-uh. 02:16PM

THE WITNESS: John Glaser's identified at least two people. And off the top of my head, I can't remember the exact details or even names, but both appeared very well qualified and had experience in either cinema or real estate. 02:16PM

If we -- my former partner, Glenn Tongue, has agreed to be part of a slate, and I can, if you wish, walk you through some of his background in public company board experience.

And then John and I would each be part of a 02:16PM

slate as well. So that would be one, two, three, four -- I believe that's five people.

BY MR. SEARCY:

Q. That's John Glaser?

A. Yes. 02:17PM

Q. And in addition to yourself, Glenn Tongue, John Glaser, who are the other candidates?

A. Two people John has identified.

Q. Do you recall their names?

A. No. 02:17PM

Q. Do you recall their backgrounds?

A. One was, you know, a 30-year veteran in the real estate industry, I believe. And I can't remember. The other one, I believe, was more in the cinema side of the movie business somehow, but I 02:17PM can't remember the details.

Q. You don't remember their names at all?

A. No.

Q. Do you remember if they're from the California area, any other identifying 02:17PM characteristics?

A. I'm not sure.

Q. What changes would you make to the management of RDI?

A. The only change that I'm quite certain we 02:18PM

MR. ROBERTSON: Objection, vague and ambiguous.

THE WITNESS: Not really, is the answer.

I've -- Glenn Tongue I'm very close with and have probably had a couple -- a handful of conversations with him. A couple other people on the list, I don't even know them. I've had no conversations with my business plans with them. 02:36PM

So I invested in this stock a year and a half ago with a certain investment thesis on how value could be unlocked, but until something happens to change the status quo, the current board and management don't give a crap what I think and certainly aren't doing what I think they should be doing. 02:36PM

So I don't spend a lot of time thinking about what my plans are because it isn't going to happen unless something changes. So I'll cross that bridge when I come to it.

BY MR. SEARCY: 02:36PM

Q. So in the time since October of 2014 when you first came up with your business plan for RDI --

A. Uh-huh.

Q. -- and purchased RDI stock, you haven't been able to implement your plan; correct? 02:36PM

A. That is correct.

Q. And the status quo has remained the same at RDI since October of 2014 to the present; is that right?

A. In terms of the business actions that -- I certainly did not anticipate, when I bought the stock, that thermonuclear war was going to break out among the siblings. I -- for all -- I thought that they had a harmonious relationship. So all of that I got surprised by. 02:37PM

But in terms of just the ongoing progress of the business, it's going along pretty much the way I expected. But there hasn't been anything that would close the gap to the obvious value I see there north of $20 a share. 02:37PM

You know, the stock's gone up a few bucks, and that's nice, but it's still trading at a big discount. And I think part of the reason is, is investors see a board and management that view this as a private company and run it as a private fiefdom. And while they are not looting the company, I don't think they really -- I think there's the widespread perception, one that I share, that there's really not that much concern for just the class A shareholders out there. 02:37PM 02:37PM

I, WHITNEY TILSON, do hereby declare under penalty of perjury that I have read the foregoing transcript; that I have made any corrections as appear noted, in ink, initialed by me, or attached hereto; that my testimony as contained herein, as corrected, is true and correct.

Executed this _____day of _____, 2016, at _____, _____.

(Los Angeles) (California)

_____

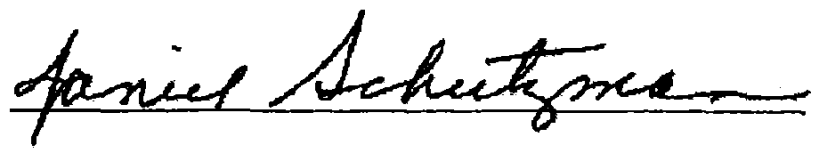
WHITNEY TILSON

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 'D'

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

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Videotaped Deposition of JONATHAN GLASER, individually, and as the Person Most Knowledgeable for JMG Capital Management, LLC and Pacific Capital Management, LLC, taken at 865 South Figueroa Street, 10th Floor, Los Angeles, California, commencing at 9:25 a.m. and ending at 5:03 p.m., Wednesday, June 1, 2016, before Janice Schutzman, CSR No. 9509.

PAGES 1 - 293

Q. Do you do that for all companies in which you hold shares?

A. I can't say for all, but a good portion of them in some varying degree.

Q. Do you look at any other sort of public sources and, if so, what are they? 10:01AM

A. Newswires.

Q. The Wall Street Journal?

A. The Wall Street Journal, Bloomberg News, Dow Jones. 10:01AM

Q. Do you ever communicate with -- you personally communicate with Reading board members or management?

A. I have -- with regard to board members, I've probably lobbed in a sporadic email now and again, but nothing regular. 10:01AM

I've had communications from time to time with Andrzej, the CFO, over the years.

And I believe that's about it.

Q. Your communication with board members, can you remember specifically, was that to all board members or to a specific one? 10:02AM

A. I can recall one that I believe I sent to the entire board after the -- I'm not sure. It probably was after Jim, Jr. was terminated, sort of 10:02AM

conveying that I was upset by what appeared to me to be boardroom and family in-fighting and -- to the detriment of shareholders.

Prior to that -- well, no, I don't recall one prior to that. There could be. 10:03AM

And then I know I reached out to Ellen Cotter early this year, trying to communicate my desire that we avoid litigation and come to some settlement.

Q. The communication to the board that you mentioned, is that the only email you remember having sent to the board regarding Jim, Jr.'s termination? 10:03AM

A. I think so.

Q. You mentioned communication with Ellen Cotter. 10:03AM

Was that also an email?

A. That was an email, yes.

Q. And you said it was a desire to avoid litigation. 10:03AM

Was it before or after you filed the lawsuit?

A. After.

Q. And was it what you would call a settlement offer, that is to say, the lawsuit can go away if 10:04AM

these things occur?

A. The email that I sent, I don't believe it had a specific offer, but I had communicated orally with Andrzej prior to that email with a specific offer. 10:04AM

Q. And what was that communication with Andrzej?

A. I believe I told him that if we could put two board members on the Reading board that were candidates that were mutually agreeable to both of us, even for a time-limited duration -- I can't remember whether I said two or three years, and I may have mentioned some other miscellaneous requests also, but that was the primary request, that we'd probably be happy. 10:04AM 10:05AM

Q. Had you spoken to the CFO before that conversation where you orally communicated that offer?

Did you know him? Had you spoken to him before? 10:05AM

A. Yes. Like I said, over a period of years I've spoken to him.

Q. And when you -- when -- was that a telephone call or a meeting?

You communicated to him -- 10:05AM

A. This --
Q. -- orally this offer?
A. That was a telephone call.
Q. Was anybody else on that call except you and the CFO? 10:05AM
A. No.
Q. Did you at any point memorialize that offer?
I know you say you may not have put that in the email to Ms. Cotter -- 10:05AM
A. Right.
Q. -- but did you otherwise memorialize it in writing?
A. I don't think so.
Q. Did you get a response back? 10:05AM
A. I got a -- I believe he called me back after a few days with a very brief response saying that the company was not interested. And he was very curt, which was unlike him, and I got the sense that he was being told not to talk to me anymore. 10:06AM
Q. He, this is the CEO -- the CFO, rather?
A. Yes.
Q. Have you done anything to identify potential board members that you believed would be acceptable to you? 10:06AM

A. Have -- yes.

Q. Okay. Did you identify any of those people to anybody at Reading?

A. I don't think I gave him any individual names. 10:06AM

Q. Who are the people that you had identified, at least preliminarily?

A. I -- at the time, I'm not sure that I had identified anybody. Since -- certainly since then, the candidates I have identified, one would be a 10:07AM gentleman named Robert Chip Harris.

Q. Chip's a nickname?

A. Chip, yeah, is his nickname.

Q. Anyone else?

A. David Brain. 10:07AM

Q. B-R-A-I-N?

A. I-N, yeah.

And another one named Mark Lammas.

Q. M-A-R-K?

A. M -- I think it's M-A-R-K. And I think 10:07AM it's two Ms.

Q. L-A-M-M-A.

A. L-A-M-M-A-S.

Q. And briefly, who is Robert Chip Harris?

A. Chip is a gentleman I've become acquainted 10:07AM

with serving on another public board on a -- that is a real estate investment trust. But more importantly, he was a principal in a company called Entertainment Realty Trust, which was a real estate investment trust that owned movie theaters and real estate -- entertainment-related real estate. Yeah. 10:08AM

Sorry. Go ahead.

Q. Have you talked to him about serving on the Reading board?

A. I asked him if he'd be willing to do it, yes. 10:08AM

Q. You say you know him from having served on a board together.

What board was that?

A. Hudson Pacific Properties. 10:08AM

Q. Do you still serve on that board?

A. Yes.

Q. What other boards do you serve on currently?

A. Public boards? 10:08AM

Q. Yes.

A. That's it. I'm sorry. One other one. It is CalWest Bank in Irvine.

Q. And what is the business of Hudson?

A. It owns primarily office buildings in 10:09AM

Los Angeles, San Francisco, and Seattle, as well as television and movie production studios in Hollywood.

Q. Did Mr. Harris indicate whether he would be willing to be on the Reading board? 10:09AM

A. He said he'd be very interested.

Q. Who is Mr. Brain?

A. Mr. Brain was a colleague or is a colleague of Chip's from the same company from Entertainment Realty Trust. 10:09AM

Q. And did you talk to Mr. Brain about serving on the Reading board?

A. Yes.

Q. And what did he say?

A. He said he would be interested. 10:09AM

Q. And do you know what Mr. Brain's position is with Entertainment Realty Trust?

A. I don't think either of them are with that company any longer.

Q. Okay. Were they with that company when you spoke to them about being on Reading? 10:09AM

A. No.

Q. So they'd already left --

A. Yes.

Q. -- that company. 10:10AM

Do you know what Mr. Brain does now?

A. I don't.

Q. Do you recall what his position was with Entertainment Realty Trust?

A. No. 10:10AM

Q. Did you know Mr. Brain independently or only through Mr. Harris?

A. Only through Mr. Harris.

Q. And did Mr. Harris suggest Mr. Brain as somebody else that might be interested in being on the board? 10:10AM

A. I don't recall whether it was Chip's recommendation or somebody else recommended.

Q. Who is Mark Lammas?

A. Mr. Lammas is the CFO of Hudson Pacific Properties. 10:10AM

Q. And did you know him also from your time on the board there?

A. Yes.

Q. Did you talk to Mr. Lammas about serving on the Reading board? 10:10AM

A. Yes.

Q. What did he say?

A. He said he'd be interested.

Q. In terms of how you described to these 10:10AM

people the -- what you were asking of them, what did you say to them? How did you describe it?

A. I described that -- I gave them a description of Reading.

I think in the case of Mr. Harris, at least he already was very familiar with the company, I think, because of his experience in the movie theater business. 10:11AM

I told him about the ongoing litigation and said that if and when there was an opportunity, there -- I said there might be an opportunity for us to be able to put a couple people on the board and asked if they'd be interested. 10:11AM

Q. And what was your objective in seeking to have a couple people put on the board? What is it you were hoping to accomplish? 10:11AM

A. Well, to get some adults in the room, so to speak, and have some independent directors, provide the company with -- I think with some needed expertise in areas of its business and accomplish the goal of assuring shareholders that there was some independent board members in the room. 10:12AM

Q. Okay. Let me ask you about those.

When you say "some adults in the room," what do you mean? What is it that you believe 10:12AM

reflects that there have not been adults in the room?

A. We got three kids who are fighting, who are a third of the board. That's not exactly normal.

You have some long-standing board members. 10:12AM

You have -- which in and of itself is -- isn't necessarily a negative, but --

Q. Is not?

A. Is not necessarily a negative, but it can be. 10:13AM

You have two new appointees who don't appear to have any special expertise that's helpful, especially helpful to the company.

And you have the termination of one of the siblings. 10:13AM

To say -- it appears to me that it's somewhat of a circus and has been for a long time. And it's in need of some -- I believe some outside independent members.

Q. And I want to drill down on some of these. 10:13AM

A. Yeah.

Q. You say it seems like it's been a circus for a long time.

Describe for me what it is that you think has -- that you believe has occurred that leads you 10:13AM

A. My father.
Q. What does your father do?
A. Industrial real estate.
Q. Through a company?
A. His own. 10:21AM
Q. What's it called?
A. Glaser Development.
And I invest in real estate personally as well.
Q. Are there -- like you said, that you had a concern about independence and oversight, that long-standing board members may lack independence and oversight. 10:22AM
Are there specific things that occurred or that you're -- believe have occurred at Reading that cause you to believe that any of the board members lack independence and oversight? 10:22AM
A. Well, I think there are issues -- I think there's an issue with regard to why Junior was terminated. 10:22AM
I think there's an issue with regard to approval of related company -- related party loans. Just to name a couple.
Q. Okay. Let me ask you about those.
You say there's an issue with why Junior 10:23AM

was terminated.

What's your -- what do you mean there's an issue?

A. Well --

Q. Do you believe it was wrong? 10:23AM

A. I -- do I believe it was wrong?

If the allegation that he was -- that his termination was used as leverage to get him to settle the ongoing probate litigation, then, yes, it was wrong. 10:23AM

If he was terminated for other reasons, then it may or may not be wrong. I don't know.

Q. So when you say "the allegation," you're referring to an allegation made by Jim Cot- -- James Cotter, Jr. in one of his lawsuits? 10:23AM

A. Correct.

Q. And you don't know one way or the other?

A. No.

Q. You say the "related party loans."

What are you referring to? 10:24AM

A. It called Sutton -- yeah, Sutton Hill Properties.

Q. And what's your understanding of that loan transaction?

A. You know, I'm not -- it -- I'm not familiar 10:24AM

difference in the nature of our claims.

Plus there were -- I think there was a government-established settlement fund, and we -- for -- again, this is a long time ago, but there were reasons why we felt we needed to pursue our own claims, rather than be part of the large -- a larger government settlement fund. 10:55AM

Q. And can you give me a ballpark sense of how much money was involved, that is to say, how much was at stake for you? 10:55AM

A. I think our claim was -- it was north of $25 million, maybe substantially north of that.

Q. You described a number of issues or concerns that you had with respect to Reading.

Have you done anything to quantify what impact you believe those issues or concerns have had or may have had on your investment? 10:55AM

A. A dollar number?

Q. Yeah.

A. Well, I think you can add up -- you know, there's -- you know, you could -- there's -- you know, the $250,000 paid to Korn Ferry; 250,000, I think, paid to Tim Storey to act as go-between between the sisters. There's the interest -- forgiven interest on the loans. There's -- you 10:56AM

know, I'm not sure to what extent comp is in line.

I know the company, obviously, believes there have been some governance issues because I've seen public disclosures about sort of a revamped comp -- revamped comp procedures and audit procedures. 10:56AM

And, you know, I think in my review of the proxy, the comp -- the peer group that the compensation company uses -- used -- uses now and to some extent before, to determine comp, most of the companies in there are substantially larger than Reading. So I don't know to what extent compensation is overstated. So there's all that stuff. 10:57AM

But I think the bigger picture is that the stock, I believe, is substantially undervalued, and it's undervalued because the perception -- the investor -- what I believe are investor perceptions of lack of proper governance and all of this -- like I said, the circus going on. 10:57AM

And so that I can't -- I think the stock is undervalued by at least 25, 30, maybe even 40 percent. So that's, obviously, a bigger concern than all these other issues.

Q. When you say the stock is overvalued -- 10:58AM

responses to our concerns and felt that the -- that investing -- quote, investing in litigation, which I really don't like to do and didn't want to do, was necessary.

Q. Do you feel like you've gotten the company's attention in the manner you described? 11:58AM

A. I don't know. I mean, there is surprisingly -- I feel like they've been stonewalling. They're acting like they have something to hide. I think they're behaving -- they're wasting all kinds of money on this lawsuit. 11:58AM

I don't know whether I've gotten their attention. It's -- particularly given where we -- what I said it would take to avoid an escalation in litigation. To me, it's shocking. To me, they're stonewalling. They've built a moat around themselves. 11:58AM

And we're not asking for control of the company. We're not trying to sell the company. We're not trying to break it up. We're asking for a seat at the table, which would -- I think would add expertise to what they have in the boardroom. We think it would be value enhancing. I think the share price will go up if we give them a Good Housekeeping stamp of approval for their governance. 11:58AM 11:59AM

And yet this company keeps fighting and -- like they have something to hide. So as long as they act like they have something to hide, it makes me think that they have something to hide.

So I don't know if they've gotten the message or not. I really don't think they do. I don't know who's calling the shots, but to me, it is -- it's incredibly disappointing. And I think they're wasting shareholder money and they're wasting their own money. They own most of the stock. So what the hell are they doing? 11:59AM

Q. You used the phrase "stonewalling" and "acting like they got something to hide," and I want to figure out what specifically you're referring to.

Are you referring to their litigation of the case, that is to say, not selling -- 11:59AM

A. Well --

Q. -- it, but fighting it?

A. Well, I can tell you and -- you know, we had a meeting in October where they said they were going to give us information, and they didn't. They didn't deliver on what they said they were going to do until they were forced to. 12:00PM

They obviously don't want any outsider in the boardroom. That tells me that they have 12:00PM

I, JONATHAN GLASER, do hereby declare under penalty of perjury that I have read the foregoing transcript; that I have made any corrections as appear noted, in ink, initialed by me, or attached hereto; that my testimony as contained herein, as corrected, is true and correct.

Executed this _____day of _____, 2016, at _____, _____.

(Los Angeles) (California)

_____

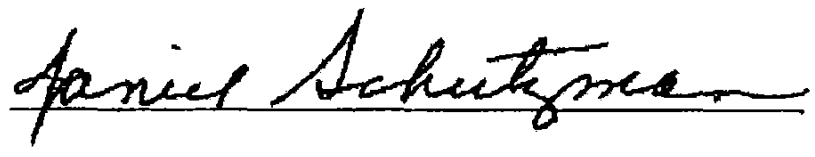
JONATHAN GLASER

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 ‘E’

DISTRICT COURT

CLARK COUNTY, NEVADA

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

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

Job Number 291961

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Q. Okay.

And that's true for the entirety of Exhibit 17; correct?

A. Yes, I would say so.

Q. Okay.

So if you would, beneath the handwritten date on the first page of Exhibit 17, be so kind as to read for us the handwritten notes, just on the first page of Plaintiff's 17.

A. "Long board discussion ended with basically a comment from majority, 'Jim, go settle something with sisters in next day or you will be terminated.' It has to go to doc by 2:00 p.m. Had to fly to San Diego, so put off to 6:00 p.m., conference call. Had conference call at 6:00 p.m. EC," being Ellen Cotter, "reported attempted agreement between the three of them to be documented over the weekend. Jim reserves right to talk to lawyers. EC read over the terms that affected company, as she stated it. Terms are under management, but all conditional on board approval after the Cotters had a deal."

On this, I said, "Wait and see. Ed said, 'Great, hope now Jim would be CEO for 30 years and do a great job.'" And I say, "Complete change to earlier saying he would never be a good CEO," exclamation mark.

Q. And so you wrote those notes at or shortly after the board meeting on May 29, 2015?

A. I did.

Q. And when Ellen Cotter reported a tentative agreement, did you understand that that agreement included matters that were in dispute in the trust and estate litigation?

A. It did.

Q. And did she say that or had that previously been discussed? How did you have that understanding?

A. My recollection is that Ellen Cotter came back and said, as I've noted, that a tentative arrangement had been made, and she said a number of things had been resolved -- or had been resolved in draft, and then mentioned a few things I think around the company management.

Q. Okay.

And did you or any of the other non-Cotter directors ask for clarification as to whether the settlement was, in effect, a global settlement that would end all litigation?

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: That was my understanding.

MR. KRUM:

Q. And so the first of the two parts of this board

meeting on May 29, 2015, was the one that concluded with the majority telling Jim Cotter, Jr. to go settle something with his sisters in the next hour, or whatever the period of time was, or you'll be terminated; is that right?

MR. SEARCY: Objection. Misstates prior testimony.

THE WITNESS: That's what my -- That's what my note says.

MR. KRUM:

Q. And is that your recollection of what happened?

A. That's what my note says --

Q. Okay.

But is that --

A. -- in general terms.

Q. Does that comport with your recollection of what happened?

A. In general terms, yes.

Q. Okay.

Is there any respect in which your recollection differs from what your notes say?

A. No.

Q. All right.

Well, it's time for Mark's conference call. It's as good a time as any to take a break.

MR. FERRARIO: Thank you.

THE VIDEOGRAPHER: Going off the video record at 12:44 p.m.

(A lunch recess is taken.)

THE VIDEOGRAPHER: We're going back on the video record at 1:57 p.m.

MR. KRUM:

Q. Mr. Storey, you understand that you are still under oath?

A. I do.

Q. Okay.

Let's take a look back at Exhibit 17. With respect to the second entry on the first page, it ended with basically a comment from majority, "Jim, go settle something with sisters in next hour or you will be terminated." Do you see that?

A. Yes.

Q. Who said that, in words or substance?

MR. SEARCY: Objection. Vague.

THE WITNESS: The majority, reading the notes.

MR. KRUM:

Q. The majority being Messrs. --

A. Oh, I would -- Yes.

Q. Who is that?

A. I would intend that Doug McEachern, Guy Adams and Ed Kane.

Q. As well as Ellen and Margaret?

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: I don't think I would have intended that.

MR. KRUM: Okay.

Q. At any time after -- At any time after the two telephone calls about which you testified earlier, the first with Mr. McEachern and the second with Mr. Adams, did either of them ever say or communicate or indicate anything to suggest that either or both of them were reassessing their decisions -- their respective decisions to vote to terminate Mr. Cotter, Jr.?

MR. SEARCY: Objection. Vague, compound.

THE WITNESS: I don't recollect anything.

MR. KRUM:

Q. And at any time at -- Strike that.

At any time after the conclusion of the resumed board meeting on May 29, 2015, did Mr. Kane ever communicate anything that you understood to suggest that in the absence of a settlement between Jim Cotter, Jr. on one hand and Ellen and Margaret Cotter on the other, he was prepared to revisit his decision to vote to terminate Mr. Cotter as president and CEO?

MR. SEARCY: Objection. Foundation.

THE WITNESS: Not to my recollection.

MR. KRUM:

Q. Take a look at the second page of Exhibit 17, please. What does the last handwritten entry on that page say?

A. It says, "Using corporate to settle matters."

Q. And to what were you referring when you wrote that note?

A. I don't recollect.

Q. Is that a reference to the -- the board of directors using the threat of termination of Jim Cotter, Jr. as president and CEO to attempt to force a settlement of the trust and estate disputes between Jim Cotter, Jr. on one hand and Ellen and Margaret Cotter on the other hand?

MR. SEARCY: Objection. Vague. Lacks foundation.

THE WITNESS: I don't recollect. It's the issue of brief handwritten notes, isn't it?

MR. KRUM: Okay.

Q. Two lines above that, in terms of two handwritten lines --

A. Yeah.

Q. -- it says something -- "get court" something. Can you read that?

A. "Get court decision on who can vote."

Q. And to what does that refer?

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, VS. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E Case No. A-16-735305-B

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

GRACE CHUNG, CSR No. 6426, RMR, CRR, CLR

Job No.: 323867

how best to develop those two sites and other sites. And as I understood it, she spent some time going to meetings and coordinating some of the early stage work that's done in relation to developments.

But the -- again, clearly, the business was moving to more a active position, into a more active stage of looking to develop those two sites. And, of course, she was interested in remaining involved, one way or another, in doing that.

Q. Margaret Cotter had no experience in real estate development; correct?

MR. SEARCY: Objection. Misstates testimony. Lacks foundation.

A. To the best of my knowledge, other than helping her father in those early -- those early stages, based on my knowledge, she had no experience in real estate development.

BY MR. KRUM:

Q. You also referred to issues concerning putting processes in place to develop business plans and budgets. To what were you referring to?

A. It seemed to me any independent directors that could practice. The companies dictated that we had a clear view, or there was clear view held about the strategic plan of the business, and the

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a Certified Shorthand Reporter in and for the County of Los Angeles, the State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named, and thereafter reduced to typewriting by computer-aided transcription under my direction.

I further certify that I am not interested in the event of the action.

In witness whereof, I have hereunto subscribed my name.

Dated: August 10, 2016

GRACE CHUNG, CSR NO. 6246
RMR, CRR, CLR

EXHIBIT 'F'

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

DEPOSITION OF EDWARD KANE, taken on behalf of the Plaintiffs, at 3043 Fourth avenue, San Diego, California, commencing at 10:12 A.M. on May 2, 2016, before PATRICIA L. HUBBARD, CSR #3400, a Certified Shorthand Reporter in and for the State of California, pursuant to Notice.

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Also Present:

Douglas McEachern

James J. Cotter, Jr.

Kristy Pittman, Videographer

lacks foundation.

THE WITNESS: I didn't -- I don't recall that part of the -- of the meeting after we were -- ended.

BY MR. KRUM:

Q. Do you recall that the -- that that evening there was a conference call during which Ellen Cotter reported that she and Margaret on one hand and Jim Cotter, Jr., on the other hand had reached a tentative settlement that resolved the trust and estate litigation and disputes between them and included certain items relating to the governance of RDI?

MR. SEARCY: Objection. Vague.

THE WITNESS: I recall a phone call or something saying they had reached an agreement. I don't recall what they had reached or what it involved, but an agreement whereby they would work together going forward.

BY MR. KRUM:

Q. And do you recall that as a result of that, the vote to terminate Jim Cotter, Jr., as president and C.E.O. was not had?

A. Correct, it was not had then.

Q. And do you recall that a week or ten

That the foregoing pages contain a full, true and accurate record of the proceedings and testimony to the best of my skill and ability;

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel, nor am I financially interested in the outcome of this action.

IN WITNESS WHEREOF, I have subscribed my name this 4th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON MAY 3, 2016

VOLUME 2

Job no. 305191

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

BY MR. KRUM:

Q. Mr. Kane, do you recognize Exhibit 118?

A. Yes, I do.

Q. And Exhibit 118 is an email exchange between Jim Cotter, Jr., and you on May 27 and 28, 2015, correct?

A. Yes.

Q. The first email on the second page of Exhibit 118 is an email from Jim Cotter, Jr., to you on May 27 in which he recites points of a proposal he had made to Margaret Cotter the evening before, right?

A. That's what it says.

Q. Okay. Did you ever discuss with him or Margaret or anybody else the proposal he recited in this email?

A. No. Not to my knowledge.

Q. And then at the bottom of page one and the top of the second page of Exhibit 118 is your email response, correct?

A. Yes.

Q. The first sentence reads, quote,

"Ellen is going to present you with a global plan to end the litigation and move the company forward,"

close quote.

Do you see that? At the top --

A. Yes.

Q. -- of the second page?

A. Yes, I do.

Q. How did you know that?

A. I probably had a telephone call with her.

Q. What did she say; what did you say?

A. I don't recall what I said, but she must have told me that she's going to give him a proposal.

I didn't care to hear it.

Q. The next sentence -- in the next sentence you wrote, quote,

"If you agree to it, you, Ellen, Margaret" --

Strike that. Let me try it again.

Quote,

"If you agree to it, you, Ellen and Margaret will work in a collaborative manner and you will retain your title," close quote.

You see that?

A. Yes.

Q. How did you know that?

A. Ellen must have told me. But prior to that at a board meeting around this time when they were -- Margaret had made -- well, let me back off.

My recollection is Bill Gould had made a motion that -- and don't -- I don't know which day in May it was -- that he remain as C.E.O. -- not as C.E.O., but as president, in effect taking away his title of C.E.O.

And Margaret stepped in and said no, he should keep his title as C.E.O. And so I knew that aspect of it.

Q. Let me inter- -- pose a question, Mr. Kane.

A. Sure.

Q. How did you know that the proposal -- strike that.

How did you know that the global plan to end litigation that you told Jim Cotter on May 27 Ellen Cotter was going to present him included a term that provided that Mr. Cotter would retain his title?

A. She must have told me that, but it was a follow-up, as I said, to the proposal of Margaret Cotter that he retain his title as C.E.O.

Q. Did you ever see any of the written -- any written proposal provided by or for Ellen and/or Margaret to Jim Cotter, Jr.?

A. I don't think so.

Q. The next sentence of your May 27 email --

A. Uh-huh.

Q. -- at the bottom of the first and top of the second page of Exhibit 118 says, quote,

"There are some aspects that will not please you. No compromises pleases anyone 100 percent. But I truly believe that if you accept it as given, it will enhance the company, benefit you and your sisters, and allow you to work together going forward until the next generation takes over," period, close-quote.

Do you see that?

A. Yes.

Q. Now, when you said in this email on May 27th --

A. Uh-huh.

Q. -- to Jim Cotter, Jr., quote, "if you

accept it as given," close quote, were you communicating to him that you had been told or you expected that the global plan Ellen was going to provide him was a take-it-or-leave-it proposal?

MR. SEARCY: Objection. Argumentative and lacks foundation.

THE WITNESS: I think that -- my recollection is that I was told by Ellen that they had made compromises, and this is as far as they were going to go. And -- but I did not see -- ever see the total proposal.

BY MR. KRUM:

Q. So you understood from your conversation with Ellen that the proposal of Ellen -- the global plan to handle litigation that Ellen was going to provide to Jim Cotter, Jr., was what it was to which Ellen and Margaret would agree and that they would make no further compromises?

A. That's my understanding at that time.

Q. When you said in the sentence I read a moment ago, quote, "there are some aspects that will not please you," close quote, to what were you referring?

A. Nothing more than what Ellen told me. He didn't get everything, so -- that he wanted, but

I did not want to go into the details.

It's the reason that I didn't want to sit in with them.

Q. So when you said, quote, "there are some aspects that will not please you," close quote, what you were actually communicating is that "Ellen told me you didn't get everything you wanted"?

A. Yes.

Q. Okay. I direct your attention to the first page of Exhibit 118.

A. Yes.

Q. You see that in his May 28 email to you, Jim Cotter relates that the proposal he received, quote,

"Was communicated as a take-it-or-leave-it proposal," close quote.

Do you see that?

A. Where are those words again?

Q. It's Mr. Cotter's email to you, sir. It's in the second --

A. Oh.

Q. It's at the end of the first and beginning of the second line.

A. Oh, okay. I'm looking at the wrong one.

Yes, I see that.

Q. Okay. Directing your attention, Mr. Kane, to your May 28th email reply --

A. Yes.

Q. -- above, you see you say in effect if the proposal, quote, "leaves you with the position" -- when you say that at the end of the second line, you're referring to the position of C.E.O., correct?

A. Correct.

Q. And then you conclude,

"Then you would" -- "would accept it and move forward."

Do you see that?

A. Yes.

Q. Now, Mr. Cotter had just told you in the email below that some of the proposals were very problematic to him --

A. Yes.

Q. -- and, putting his interests aside, not in the best interest of the company.

You saw that before you relied, right?

A. Yes.

MR. SEARCY: Objection. Argumentative.

///

That the foregoing pages contain a full, true and accurate record of the proceedings and testimony to the best of my skill and ability;

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel, nor am I financially interested in the outcome of this action.

IN WITNESS WHEREOF, I have subscribed my name this 10th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400