IN THE SUPREME COURT OF THE STATE OF NEVADA

JAMES J. COTTER, JR., DERIVATIVELY ON BEHALF OF READING INTERNATIONAL, INC.,

Appellant,

v.

EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, AND MICHAEL WROTNIAK, READING INTERNATIONAL, INC., A NEVADA CORPORATION,

Respondents

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Related to Cases: 72261, 72356, 74759, 76981, 77648, 77333

RESPONDENT READING INTERNATIONAL, INC.'S SUPPLEMENTAL APPENDIX VOLUME I of II PAGES RDI-SA0001 to RDI-SA0201

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I	RDI-SA0074-92	10/6/15	September 10, 2016 Hearing transcript on Defendants' Motion to Dismiss and Plaintiff's Motion for Preliminary Injunction

CERTIFICATE OF SERVICE

This is to certify that on March 25, 2019, a true and correct copy of the foregoing **RESPONDENT READING INTERNATIONAL, INC. SUPPLEMENTAL APPENDIX** was served by via this Court's e-filing system, on counsel of record for all parties to the action below in this matter, as follows:

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An employee of Greenberg Traurig, LLP

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

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

BUSINESS COURT

MOTION TO DISMISS COMPLAINT

COMES NOW, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern, by and through their counsel of record, Cohen-Johnson, LLC and Quinn Emanuel Urquhart & Sullivan, LLP, and hereby submit this Motion to Dismiss the Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

DATED this 10th day of August, 2015.

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
H. Stan Johnson, Esq.

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NOTICE OF MOTION

TO: MARK G. KRUM, LEWIS ROCA ROTHBERGER LLP, Attorneys for Plaintiff.

PLEASE TAKE NOTICE that the above Motion will be heard the 10 day of SEPTEMBER, 2015 at 8:30A in Department XXVII of the above designated Court or as soon thereafter as counsel can be heard.

Dated this 10th day of August, 2015.

Respectfully Submitted,

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff James J. Cotter, Jr. ("Plaintiff" or "James Cotter") filed this action, individually and as a shareholder of Reading International, Inc. ("Reading"), seeking to bolster his frivolous wrongful termination claim by trying to turn it into a derivative action.[1] Plaintiff alleges that Reading's Board of Directors acted improperly in voting to terminate him as President and CEO of Reading and, in doing so, breached their fiduciary duties as board members. However, Plaintiff has failed to allege any facts sufficient to support an individual or derivative claim against any member of Reading's Board for a breach of fiduciary duty. Although most of Plaintiff's allegations are provably false, even assuming them to be true they amount to nothing more than conclusory claims that any Reading director who voted in favor of his termination *must have* been motivated by personal interests and *must have* failed to exercise proper business judgment. The Complaint offers no facts—and none exist—to make even a facial showing that any Reading director cannot act in a disinterested manner and exercise proper business judgment with respect to decisions regarding Plaintiff's employment.

First, Plaintiff failed to make a pre-suit demand to Reading's Board of Directors, as required by Nevada law, to remedy the allegedly improper Board action. Though Nevada law provides that pre-suit demand may be excused in certain limited scenarios, Plaintiff has failed to plead with particularity that the demand should be so excused here. Instead, Plaintiff claims that such demand is excused because of vaguely alleged conflicts of interests alluded to in the Complaint. Plaintiff's cursory demand futility allegations are based on the same flawed premise as the Complaint generally: that Plaintiff's ouster could only have been supported by a director who failed to act in a disinterested and independent manner. That circular logic, however, is insufficient to excuse pre-suit demand and has been specifically rejected by Nevada courts.

Second, Plaintiff has failed to adequately plead an essential element of *each* of his three claims. The claims—two for breach of fiduciary duty and one for aiding and abetting breach of

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fiduciary duty—all require Plaintiff to plead that any purported damages to Reading were proximately caused by Defendants' improper conduct. Plaintiff has not done so for any of his claims. Indeed, Plaintiff does not even allege how Reading and its shareholders were supposedly damaged by his termination, let alone how such damage is related to Defendants' supposedly improper conduct. This failure to adequately plead proximate causation requires dismissal of each of the three purported causes of action in the Complaint.

Third, Plaintiff cannot fairly and adequately represent the interests of Reading shareholders in a derivative action, as required by the Nevada Rules of Civil Procedure. Plaintiff's claims amount to the assertion that he shouldn't have been fired. Such a personal claim cannot, and should not, be brought on behalf of all shareholders of Reading.

Finally, to the extent Plaintiff asserts that there was a breach of fiduciary duty to him individually, as opposed to in his capacity as a Reading shareholder, such individual claims fail as a matter of law. Plaintiff's purported causes of action each require the existence of a fiduciary duty between Plaintiff and members of Reading's Board. It is undisputed that members of Reading's Board of Directors, including all individual defendants, owed a fiduciary duty to the corporation. The Board of Directors owed no such duty, however, to Plaintiff in his individual capacity or as an employee/officer of Reading. Neither a corporation nor its board of directors owes a fiduciary duty to its officers. Accordingly, Plaintiff has not, and cannot, plead facts sufficient to state a claim that any fiduciary duty was violated as to him individually.

Based on these numerous fatal flaws in the Complaint, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (the "Moving Defendants") respectfully request that Plaintiff's Complaint be dismissed in its entirety. Plaintiff has failed to state a claim as to each of the three purported causes of action either in his capacity as a shareholder derivative plaintiff or as an individual plaintiff.

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[1] That this action is, at its core, a wrongful termination claim is the basis for the Motion to Compel Arbitration filed by Reading International, Inc.

II. FACTS AS ALLEGED IN PLAINTIFF'S COMPLAINT[2]

A. Reading International

Reading International is a Nevada corporation principally engaged in the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. Compl., ¶ 15. Reading's Board of Directors appointed Plaintiff James Cotter, Jr. as President of Reading on June 1, 2013, and as CEO on August 7, 2014, after his father retired from the position due to health reasons. *Id.*, ¶¶ 7, 17. Plaintiff claims to be a holder of voting shares of Reading stock and also claims to be a co-trustee of a trust which owns a large number of both voting and non-voting shares of Reading stock. *Id.* Plaintiff was, as of the time of his Complaint, one of eight members of Reading's Board of Directors. *Id.*

Besides Plaintiff, the seven remaining members of Reading's Board of Directors are: (1) Margaret Cotter, Plaintiff's sister, who has served as a director since 2002 and runs Reading's live theater division, manages certain live theater real estate, and has been responsible for pre-development work on Reading's Manhattan theater properties; (2) Ellen Cotter, Plaintiff's sister, who has served as a director since March 2013, been a Reading employee since 1998, and runs the day-to-day operations of Reading's domestic cinema operations; (3) Edward Kane ("Kane"), who has served as a director since October 2004[3] (and before that from 1985-1998) and serves as Chair of the Tax Oversight Committee and the Compensation and Stock Option Committee; (4) Guy Adams ("Adams"), who has served as a director since January 2014 and is a registered investment advisor and experienced independent director on public company boards; (5) Douglas McEachern ("McEachern"), who has served as a director since May 2012 and was an audit partner of Deloitte & Touche from 1985-2009; (6) Timothy Storey ("Storey"), who has served as a director since December 2011; and (7) William Gould ("Gould"), who has served as a director

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[2] Nearly all of the allegations and insinuations in the Complaint are false. However, solely for the purpose of this Motion and as required by Nevada law, Plaintiff's baseless allegations are accepted as pleaded and summarized herein. *See Pemberton v. Farmers Ins. Exch.*, 109 Nev. 789, 792 (1993).

[3] The Complaint erroneously states that Mr. Kane has served on the Board since October 2009.

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since October 2004. *See* Compl., ¶¶ 8-14; Ex. A attached hereto (Form 10-K/A Amendment No. 1 filed by Reading International, Inc.) at 1-3 (providing biographies of each director and a breakdown of their committee memberships). (Directors Ellen Cotter, Margaret Cotter, Kane, McEachern, and Adams are referred to herein as the "Moving Defendants").

B. Termination of Plaintiff's Employment and Position as President and CEO

According to the allegations in Plaintiff's Complaint, beginning in late 2014, tensions began to rise between him and the other Reading directors, including his siblings Ellen and Margaret Cotter. *Id.*, ¶ 34. Certain of these tensions allegedly related to trust and estate litigation between Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, initiated after the death of their father in September 2014. *Id.*, ¶¶ 21-22. Allegedly in recognition of these boardroom and familial tensions, in January 2015 the Reading Board of Directors approved a measure providing that none of Plaintiff, Ellen Cotter, or Margaret Cotter could be terminated from their employment without the approval of a majority of the non-Cotter-family directors. *Id.*, ¶ 43. Plaintiff, Ellen Cotter, and Margaret Cotter abstained from voting on this measure. *Id.* According to the Complaint, in March 2015 the non-Cotter members of the Board appointed an independent committee consisting of directors Storey and Gould to work on behalf of the Board directly with Plaintiff in his role as CEO, as the full Board and Plaintiff had been struggling to work productively with Plaintiff. *Id.*, ¶¶ 51-52.

Despite these months-long efforts to address and alleviate the ongoing conflicts between Plaintiff and the company's other directors, these issues could not be effectively resolved. Accordingly, at a May 21, 2015, meeting of the full Board of Directors, Plaintiff's continuing role as President and CEO was put on the agenda as a discussion item. *Id.*, ¶ 78. Corporate counsel for Reading was present at this May 21 meeting. *Id.*, ¶ 81. At this meeting, the Board invited Plaintiff to discuss his performance as CEO so that the Board could fully evaluate his role. *Id.*, ¶ 85. Plaintiff unilaterally declined to participate in any such discussion. *Id.* Despite Plaintiff's failure to honor the Board's request or engage in any discussions about his performance as Reading's President and CEO, the Board determined that no final decision would be made about Plaintiff's employment at the May 21 meeting and that additional time would be

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taken to consider the matter. *Id.*, ¶ 86. The Board agreed to reconvene on May 29, 2015, for further consideration of the issue. *Id.*, ¶¶ 91-93.

At the May 29 meeting, Adams made a motion to terminate Plaintiff as Reading's President and CEO. *Id.*, ¶ 93. The Board engaged in extensive discussions about this motion both in and outside the presence of Plaintiff. *Id.*, ¶¶ 94-97. Ultimately, Plaintiff was not terminated on May 29, and the Board adjourned, again allowing for additional time for evaluation and assessment of the issues at hand by Plaintiff and the Board. *Id.*, ¶¶ 98-99.

The Board reconvened on June 12, 2015, to address Plaintiff's potential termination. *Id.*, ¶ 105. At this meeting—the third time Reading's Board of Directors met to evaluate Plaintiff's continued employment—the Board ultimately voted to terminate Plaintiff. Ellen and Margaret Cotter, Kane, Adams, and McEachern (each of the Moving Defendants) all voted in favor of termination. *Id.* Storey and Gould voted against termination. *Id.* Plaintiff was therefore, according to his own allegations, terminated based on a majority vote of the full Board *and*, as required by prior Board resolution, a majority vote of the independent directors. (Kane, Adams, McEachern, Storey, and Gould constitute the independent directors). After Plaintiff's termination, Ellen Cotter was appointed interim CEO and President of Reading. *Id.*

On June 12, 2015—the same day of the Board vote—Plaintiff filed this action individually and purportedly on behalf of Reading's shareholders claiming that his employment was improperly terminated by Reading's Board and that such termination constituted a breach of the directors' fiduciary duties. Specifically, Plaintiff claims that all Defendants breached their duty of care in connection with Plaintiff's termination (First Cause of Action for Breach of Fiduciary Duty); that Ellen Cotter, Margaret Cotter, Kane, Adams, and McEachern breached their duty of loyalty in connection with the termination (Second Cause of Action for Breach of Fiduciary Duty); and that Ellen and Margaret Cotter aided and abetted breaches of fiduciary duty by Kane, Adams, and McEachern (Third Cause of Action for Aiding and Abetting Breach of Fiduciary Duty). *Id.*, ¶¶ 111-132. Plaintiff alleges that he is excused from making a pre-suit demand on Reading's Board of Directors to remedy their allegedly improper conduct because (a) the Board of Directors did not exercise business judgment in terminating Plaintiff, (b) the Board

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of Directors could not exercise business judgment in responding to a pre-suit demand, and (c) directors Kane, Adams, and McEachern are under the control of directors Ellen and Margaret Cotter. *Id.*, ¶¶ 107-110.

C. Litigation Between Plaintiff, Ellen Cotter, and Margaret Cotter Regarding Their Father's Estate

Throughout the spring and early summer of 2015, including during the time period of the above-referenced meetings of the Board of Directors, Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, were discussing potential resolution of the trust and estate litigation between them. Compl. ¶¶ 23, 87, 91, 98-102. That trust litigation has been coordinated with this supposed derivative action.

III. LEGAL STANDARD

Nevada Rule of Civil Procedure ("NRCP") 12(b)(5) provides for the dismissal of a claim when a party has failed to state a claim upon which relief can be granted. On a motion to dismiss, the trial court "is to determine whether or not the challenged pleading sets forth allegations sufficient to make out the elements of a right to relief." *Pemberton,* 109 Nev. at 792. A complaint should be dismissed if it appears beyond a doubt that a plaintiff can prove no set of facts that would entitle a plaintiff to relief. *See Buzz Stew, LLC, v. City of N. Las Vegas*, 124 Nev. 224, 228 (2008).

To survive a motion to dismiss, a claim must be pleaded showing a party's entitlement to relief. This "requires more than labels and conclusions, and a formulaic recitation of a cause of action's elements will not do." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).[4] Bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss. *See G.K. Las Vegas Ltd. P'ship v.*

[4] Nevada courts often look to interpretations of analogous federal rules as persuasive authority. *Exec. Mgmt., Ltd. v. Ticor Title Ins. Co.*, 118 Nev. 46, 53 (2002) ("Federal cases interpreting the Federal Rules of Civil Procedure are strong persuasive authority, because the Nevada Rules of Civil Procedure are based in large part upon their federal counterparts.") (quotation marks and citation omitted).

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Simon Prop. Grp., Inc., 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006); *see also Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001).

IV. ARGUMENT

A. Because He Offers No More Than Conclusory Allegations, Plaintiff Has Not Adequately Pleaded Demand Futility

Ordinarily, the plaintiff in a shareholder derivative suit must "set forth with particularity [in the complaint] the efforts of the plaintiff to secure from the board of directors or trustees and, if necessary, from the shareholders such action as the plaintiff desires, and the reasons for the plaintiff's failure to obtain such action[.]" Nev. Rev. Stat. § 41.520(2). This requirement of pre-suit demand on the defendant corporation's board of directors is not merely a pleading hurdle or a technicality, but an important "rule of substantive right designed to give a corporation the opportunity to rectify an alleged wrong without litigation, and to control any litigation which does arise." *Aronson v. Lewis*, 473 A.2d 805, 809 (Del. 1984), *overruled on other grounds by Brehm v. Eisner*, 746 A.2d 244 (Del. 2000); *see also Shoen v. SAC Holding Corp.*, 122 Nev. 621, 641 (2006) (adopting the *Aronson* analysis in Nevada shareholder derivative litigation) ("The Delaware court's approach is a well-reasoned method for analyzing demand futility and is highly applicable in the context of Nevada's corporations law. Hence, we adopt the test described in *Aronson*, as modified by *Rales*[.]"). Plaintiff has made no such demand.

Accordingly, where, as here, a plaintiff seeking to pursue a derivative action has not made a pre-suit demand on the defendant corporation's board of directors, the law requires the plaintiff to allege *with particularity* that demand on the board of directors would have been futile. *See* Nev. Rev. Stat. § 41.520(2); NRCP 23.1. This heightened pleading standard is similar to that required for claims of fraud. *See Shoen*, 122 Nev. at 633-34 & n.21 ("[A] shareholder must 'set forth . . . particularized factual statements that are essential to the claim' that a demand has been made and refused, or that making a demand would be futile or otherwise inappropriate." (*quoting Brehm*, 746 A.2d at 254 (noting that the "with particularity" pleading required in shareholder derivative suits is similar to the heightened pleading required for claims involving fraud or mistake)); *see also La. Mun. Police Emps. Ret. Sys. v. Wynn*, No. 2:12-CV-

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509 JCM GWF, 2014 WL 994616, at *9 (D. Nev. Mar. 13, 2014) ("The plaintiffs did not allege with sufficient particularity that the board of directors was disinterested or lacked independence, or that there was reasonable doubt that there was a valid exercise of business judgment."); *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, --- A.3d ---, No. 9503-CB, 2015 WL 4237352, at *14 (Del. Ch. July 13, 2015) (dismissing complaint where there was "no informational basis from which [to] conclude that the New Agreement was 'so far beyond the bounds of reasonable judgment' as to constitute bad faith or to demonstrate that the members of the Audit Committee put [other interests] ahead of the best interests of the Company."). Finally, "mere conclusory assertions will not suffice . . . ." *Shoen*, 122 Nev. at 634.

Nevada courts recognize two specific scenarios when demand by a shareholder derivative plaintiff may be excused (assuming the factual allegations are pled with particularity). Adopting the reasoning of the Delaware Supreme Court in *Aronson v. Lewis*, Nevada courts hold that demand is only excused if "under the particularized facts alleged, a reasonable doubt is created that: (1) the directors are disinterested and independent [or] (2) the challenged transaction was otherwise the product of a valid business judgment." *Aronson*, 473 A.2d at 814; *see Shoen*, 122 Nev. at 635-36 (following *Aronson*). Here, Plaintiff has failed to satisfy either *Aronson* prong. As a result, Plaintiff does not have standing, and the complaint should be dismissed for failure to state a claim. *See Shoen*, 122 Nev. at 634.

1. Plaintiff Has Failed to Rebut the Presumption that Reading's Directors Are Capable of Acting in a Disinterested and Independent Fashion

The first *Aronson* prong asks whether the board of directors can make a disinterested and independent decision when presented with the demand. The first prong only excuses demand where a plaintiff can "show that the protection afforded by the business judgment rule is inapplicable to the board majority approving the transaction because those directors are interested, or are controlled by another who is interested, in the subject transaction[.]" *Shoen*, 122 Nev. at 638 (quotation marks and citations omitted).

A director will be deemed to be interested if the facts alleged "demonstrate[e] a potential personal benefit or detriment to the director as a result of the decision." *Beam ex rel Martha*

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Stewart Living Omnimedia, Inc. v. Stewart, 845 A.2d 1040, 1049 (Del. 2004). The potential personal benefit or detriment must relate specifically to the challenged transaction. *See Rales v. Blasband*, 634 A.2d 927, 933 (Del. 1993). "[T]he key principle upon which this area of . . . jurisprudence is based is that the directors are entitled to a *presumption* that they were faithful to their fiduciary duties," and the burden is upon a derivative plaintiff to overcome that presumption. *Khanna v. McMinn*, No. Civ.A. 20545–NC, 2006 WL 1388744, at *11 (Del. Ch. May 9, 2006) (emphasis omitted). Nevada courts have explicitly rejected the proposition that "the demand requirement is excused as to the board of directors merely because the shareholder derivative complaint alleged that a majority of the directors participated in wrongful acts, without regard to their impartiality or to the protections of the business judgment rule[.]" *Shoen*, 122 Nev. at 635.

Plaintiff has failed to plead specific, particularized facts—as required by Nevada law—showing that a majority of Reading's directors are impacted by any debilitating interest or lack of independence sufficient to rebut the presumption that the business judgment rule applies. *See Shoen*, 122 Nev. at 637 ("[S]ince approval of a transaction by the majority of a disinterested and independent board usually bolsters the presumption that the transaction was carried out with the requisite due care, in such cases, a heavy burden falls on a plaintiff to avoid presuit demand.") (internal brackets and quotation marks omitted).

(a) Allegations Against Kane, Adams, and McEachern

Plaintiff claims that Kane, Adams, and McEachern, each independent directors, cannot act in a disinterested manner because they are controlled by Ellen and Margaret Cotter. This purported control is based on the following allegations:

- **Kane**: Kane allegedly has a "quasi-familial" relationship with Ellen and Margaret Cotter, who call him "Uncle Ed." Compl., ¶¶ 5, 28, 109.
- **Adams**: Adams is allegedly "financially dependent on Cotter family businesses [Ellen] and [Margaret Cotter] control or claim to control." *Id.*, ¶ 5; *see also id.*, ¶¶ 11 ("A majority if not almost all of Adams' income is paid to him by Cotter family businesses over which [Ellen] and [Margaret Cotter] exercise control or claim to exercise control."),

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70, 72-74, 109. In addition, Adams was allegedly led to believe he would be made CEO of Reading upon Plaintiff's termination. *Id.*, ¶ 71.

- **McEachern**: McEachern allegedly holds an "erroneous expectation that [Ellen] and [Margaret Cotter] ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling McEachern's fate as a director." *Id.*, ¶ 109.

But Plaintiff's allegations with respect to Kane, Adams, and McEachern fail to show a lack of independence.

Plaintiff's conclusory allegations that Kane has a close ("quasi-familial") relationship with Ellen and Margaret Cotter do not support demand futility. (As Plaintiff is Ellen and Margaret Cotter's brother, he presumably shares the same "quasi-familial" relationship with Kane as his sisters.) Where futility is purportedly based on control being exerted by an interested person or persons, a plaintiff must allege particularized facts showing that "through personal or other relationships the directors are beholden to the controlling person." *Aronson*, 473 A.2d at 815. "Allegations of mere personal friendship or a mere outside business relationship, standing alone, are insufficient to raise a reasonable doubt about a director's independence." *Beam*, 845 A.2d at 1050; *see also id.* at 1051-52 ("Mere allegations that [co-directors] move in the same business and social circles, or a characterization that they are close friends, is not enough to negate independence for demand excusal purposes."). Not only does Plaintiff fail to allege the existence or nature of this quasi-familial relationship with any particularity, but he fails to explain how this relationship had or will have any impact on Kane's vote about Plaintiff's reinstatement.

Likewise, the vaguely pleaded supposed benefits being received by Adams and McEachern are not sufficient to show a lack of independence. *See Khanna*, 2006 WL 1388744, at *20 (noting that allegations that a benefit is *material* to a director are necessary to excuse demand, which requires pleading particularized facts "that the alleged benefit was significant enough in the context of the director's economic circumstances[] as to have made it improbable that the director could perform her fiduciary duties . . . without being influenced by her overriding personal interest") (emphasis omitted). Rather than being pleaded with particularity,

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Plaintiff's vague allegations with respect to Adams and McEachern are pleaded only on information and belief. Compl., ¶¶ 73, 109. Plaintiff alludes to some unnamed, unspecified, and uncertain financial benefit that Adams and McEachern could potentially receive if they support Margaret and Ellen Cotter, but these alleged benefits are not pleaded with particularity to show that Adams and McEachern could not exercise their fiduciary duties to Reading (or even that Adams and McEachern could not receive these exact same purported benefits with Plaintiff as President and CEO).[5] *See Beam*, 845 A.2d at 1052 ("To create a reasonable doubt about an outside director's independence, a plaintiff must plead facts that would support the inference that because of the nature of a relationship or additional circumstances other than the interested director's stock ownership or voting power, the non-interested director would be more willing to risk his or her reputation than risk the relationship with the interested director.").

Indeed, Plaintiff does not allege any financial benefit whatsoever to McEachern for supporting Plaintiff's termination. With respect to Adams, Plaintiff does not allege that his financial fate is *actually* controlled by Ellen and Margaret Cotter, but only that they "claim to control" some of the companies with which he is associated. Compl., ¶¶ 5, 11.

The alleged "benefit" to be received by Adams and McEachern—accepting all allegations in the Complaint as true—seems to be nothing more than the chance to curry favor with Ellen and Margaret Cotter; this is not the specific, direct financial benefit required by the law. Plaintiff puts the cart before the horse, assuming a conflict of interest and a breach of fiduciary duty simply because Moving Defendants voted to terminate him. These are the very type of conclusory allegations that do not meet the "heavy burden" necessary excuse pre-suit demand in a Nevada derivative claim. *See Shoen*, 122 Nev. at 1181-82.

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[5] Plaintiff alleges that Margaret and Ellen Cotter controlled Adams' termination vote in part by suggesting to him that he would succeed Plaintiff as CEO of Reading. Compl., ¶ 71. However, once Plaintiff was terminated, Ellen was appointed interim CEO. *Id.* Therefore, *even if* Adams had been motivated by a desire to become CEO himself, which he was not, it is now clear that opportunity no longer exists and is therefore irrelevant in the demand futility context.

(b) Allegations Against Ellen and Margaret Cotter

Plaintiff appears to suggest that Ellen and Margaret Cotter could not act in an independent manner because of their ongoing trust and estate litigation with Plaintiff. Ellen and Margaret Cotter allegedly made decisions as Reading directors with respect to Plaintiff's employment that would allow them to gain leverage in this estate litigation. Compl., ¶¶ 4, 23, 107. These vague insinuations fail as a matter of law, as Plaintiff has not identified with reasonable particularity any "potential personal benefit or detriment" to either Ellen or Margaret Cotter in connection with evaluating a demand on the Board relating to Plaintiff's reinstatement. *See Beam*, 854 A.2d at 1049. The mere fact that Ellen and Margaret Cotter are engaged in litigation with their brother over their father's estate does not render them incapable of exercising business judgment with respect to his termination. *See Fagin v. Gilmartin*, 432 F.3d 276, 283-84 (3d Cir. 2005) ("Potential liability from other, unrelated litigation would not make [the company's] directors interested in the decision to consider a demand for this specific derivative suit."); *Richardson v. Ulsh*, No. CIV.A. 06-3934 MLC, 2007 WL 2713050, at *15 (D.N.J. Sept. 13, 2007) (same). Nor does the Complaint identify any advantage obtained by Ellen and Margaret Cotter in the trust and estate litigation by terminating Plaintiff as CEO. *See Shoen*, 122 Nev. at 638 ("[A] director who has divided loyalties in relation to, *or who has or is entitled to receive specific financial benefit from*, the subject transaction, is an interested director.") (emphasis added). The vague possibility that a director could have been acting for any reason other than his or her best business judgment is insufficient to support a finding of any problematic relationship. *Aronson*, 473 A.2d at 815 (stating that a "mere threat . . . is insufficient to challenge either the independence or disinterestedness of directors").

Plaintiff's entire Complaint—including his allegation of demand futility—hinges on the premise that defendant directors improperly chose sides in a family dispute between the Cotter directors and that, as such, they are not disinterested. But Plaintiff does not allege any facts indicating that any director's decision to vote for Plaintiff's termination was based on a lack of independence or debilitating conflict. Contrary to Plaintiff's claims, the existence of trust and

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estate litigation between the Cotters does not somehow render Reading's entire Board of Directors unable to make a legitimate business decision.

2. Plaintiff Has Failed To Rebut The Presumption That Reading's Board of Directors Exercised Proper Business Judgment with Respect to Termination of Plaintiff

Under the second *Aronson* prong, demand may be excused as futile where the derivative claimant "plead[s] particularized facts creating a reasonable doubt as to the 'soundness' of the challenged transaction sufficient to rebut the presumption that the business judgment rule attaches to the transaction." *Khanna*, 2006 WL 1388744, at *23 n.168. The business judgment rule "presumes that the directors have complied with their duties to reasonably inform themselves of all relevant, material information and have acted with the requisite care in making the business decision." *Shoen*, 122 Nev. at 636. Accordingly, the business judgment rule creates a "presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the" organization. *Id.* at 1178-79. Consistent with the theory underlying the business judgment rule, the party challenging the decision bears the burden of establishing facts that rebut the presumption. *See id.* Because the business judgment rule protects the corporate management decisions so long as they can be "attributed to any rational business purpose," *Katz v. Chevron Corp.*, 22 Cal. App. 4th 1352, 1366 (1994), "a heavy burden falls on plaintiff to avoid presuit demand." *Shoen* at 1181.

Plaintiff has not come close to meeting its heavy burden here. Plaintiff does not—and cannot—claim that his termination was an improper business judgment at the time that decision was made. Indeed, Plaintiff's allegations demonstrate that the opposite is true. Reading's Board of Directors required a majority vote of non-Cotter-family directors to terminate Plaintiff, and such majority was achieved. Compl., ¶¶ 43, 105. Reading's Board of Directors held several meetings at which Plaintiff's termination was discussed and included corporate counsel in those meetings. *Id.*, ¶¶ 81, 82, 91, 99, 105. The Board invited Plaintiff to make a presentation or engage in a discussion about his performance as President and CEO, but Plaintiff chose not to do so. *Id.*, ¶ 85. As further discussed below, Plaintiff does not identify any adverse impact to

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Reading stemming from his termination. Quite simply, Plaintiff fails to allege facts sufficient to rebut the presumption that Reading's Board, including the Moving Defendants, believed themselves to be acting in the best interests of the corporation in voting to terminate Plaintiff. *See In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 70-73 (Del. 2006) (holding termination consistent with corporate governance documents not breach of fiduciary duty, and termination of President because CEO could not "work well" with President was within the protection of the business judgment rule). Because Plaintiff fails to satisfy either prong of the *Aronson* demand futility test, the Complaint should be dismissed.

B. Plaintiff Cannot Allege that Any Damage to Shareholders Resulted from His Termination

Each of Plaintiff's purported causes of action in the Complaint is based on an alleged breach by Reading's directors of a fiduciary duty owed to the corporation. Plaintiff alleges that this duty was breached by terminating Plaintiff as Reading's President and CEO based on motivations other than Reading's best interests. A claim for breach of fiduciary duty requires a plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused the damages." *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). Here, Plaintiff has failed to allege if or how any supposed damages to Reading's shareholders resulted from Plaintiff's termination. This is fatal to the Complaint.

Plaintiff filed this derivative suit the same day he was terminated by Reading's Board. Plaintiff's personal disgruntlement over his termination does not constitute damage to Reading's shareholders. Plaintiff has not identified any way in which his termination caused injury or damage to any shareholder besides Plaintiff personally. Because Plaintiff has failed to adequately plead proximate causation, dismissal is proper here. *See Bd. of Managers of Foundry at Wash. Park Condo. v. Foundry Dev. Co.*, 975 N.Y.S.2d 707, at *2-3 (N.Y. Sup. Ct. 2013) (granting motion to dismiss breach of fiduciary duty claim where allegations failed to make a connection of harm to nominal defendant in derivative action); *Stafford v. Reiner*, 804 N.Y.S.2d 114, 114-15 (N.Y. App. Div. 2005) ("[E]ven accepting as true the facts alleged in the complaint and affording [plaintiff] the benefit of every possible favorable inference, [plaintiff's] claim that

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the defendants' breach of fiduciary duty and/or negligence was a proximate cause of the [alleged damages] remains entirely speculative and finds no support in the record.") (citation omitted).

Plaintiff does recite, without factual support, that "[a]s a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein." Compl., ¶¶ 116, 123, 131. However, Plaintiff fails to offer any allegations regarding the nature of the supposed injury or damages therefrom and how or why they are related to the complained-of conduct. Mere conclusory allegations with no factual support are insufficient; the Complaint should be dismissed. *See Twombly*, 550 U.S. at 557.

C. Plaintiff Cannot Adequately Represent the Interests of Reading's Shareholders

This suit concerns Plaintiff's individual grievance regarding his termination from Reading and unrelated ongoing trust and estate litigation between Plaintiff and two of the Board members. That Plaintiff has tried to turn his employment lawsuit into a derivative suit in itself calls for a dismissal of his claims. Rule 23.1 of the Nevada Rules of Civil Procedure provides: "The derivative action may not be maintained if it appears that the plaintiff does not fairly and adequately represent the interests of the shareholders or members similarly situated in enforcing the right of the corporation or association." Nev. R. Civ. P. 23.1. Here, Plaintiff cannot and does not fairly and adequately represent the interests of Reading shareholders.

Among the numerous factors a court can consider when determining the adequacy of a derivative plaintiff are "other litigation pending between the plaintiff and defendants; the relative magnitude of plaintiff's personal interests as compared to his interest in the derivative action itself; [and] plaintiff's vindictiveness toward the defendants." *Energytec Inc. v. Proctor*, 2008 WL 4131257, *6-7 (N.D. Tex. Aug. 29, 2008) (applying Nev. R. Civ. P. 23.1 and quoting *Davis v. Comed, Inc.*, 619 F.2d 588, 593-94 (6th Cir. 1980)). Here, Plaintiff has initiated personal (*i.e.*, non-derivative) litigation against Defendants, has a strong personal interest in regaining control of Reading, and is highly vindictive towards Moving Defendants. *See, e.g.*, Compl., ¶¶ 6 (accusing Moving Defendants of "extort[ion]"), 10 (accusing Kane of threatening "Corleone ('Godfather') style family justice"), 65 (accusing Margaret Cotter of being "grossly negligent"

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with respect to an unrelated corporate matter), 70 (accusing Adams of consistently engaging in a "search for the next public company victim"), 76 (insinuating that Adams was not forthcoming in his divorce proceedings), 109 (accusing Adams, Kane, and McEachern of "pick[ing] sides in a family dispute"). That this suit is driven by personal animus demonstrates that Plaintiff is an inadequate shareholder representative.

Applying Rule 23.1 of the Nevada Rules of Civil Procedure, the district court in *Energytec* dismissed with prejudice a shareholder derivative complaint whose facts closely mirror those recited in Plaintiff's Complaint. The *Energytec* court found that a former CEO could not serve as a derivative plaintiff because,

> [a]s the former Chairman, CEO and CFO of Energytec, Cole has a personal economic interest in reversing the events leading to his removal. The shareholders do not share this interest, as they do not stand to regain past employment or company influence . . . Furthermore, Cole's interest in obtaining the requested relief far outweighs that of other shareholders. He stands to regain control of Energytec, to remove his competitors and adversaries, and possibly to avoid further litigation. The shareholders do not share these interests.

Energytec, 2008 WL 4131257, at *7. As in *Energytec*, Plaintiff here is driven and motivated by interests not shared by Reading's shareholders. Plaintiff wants his job back, and has brought individual as well as derivative claims relating to his termination. The existence of these non-derivative claims further weighs in favor of a finding that Plaintiff cannot fairly or adequately represent the interests of Reading's shareholders. *See Smith v. Ayres*, 977 F.2d 946, 949 (5th Cir. 1992) ("[T]he trial court should beware allowing a derivative suit to proceed where the representative could conceivably use the derivative action as 'leverage' in other litigation.") (quotation omitted); *Scopas Tech. Co v. Lord*, No. 7559, 1984 WL 8266 (Del. Ch. Nov. 20, 1984) ("Ordinarily, other litigation, in and of itself, may warrant disqualification of a plaintiff from bringing a derivative suit where it appears that the derivative plaintiff instituted the derivative suit only as 'leverage' to further his individual claims."); *Recchion on Behalf of Westinghouse Elec. Corp. v. Kirby*, 637 F. Supp. 1309, 1314-15 (W.D. Pa. 1986) ("Courts have recognized that the representative plaintiff might use the derivative action as leverage to obtain a favorable settlement in other actions brought against the corporation. A derivative suit can constitute a particularly effective weapon for purposes of obtaining a favorable settlement in

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other actions . . . . In such circumstances, where there is substantial likelihood that the derivative action will be used as a weapon in the plaintiff shareholder's arsenal, and not as a device for the protection of all shareholders, other courts have properly refused to permit the derivative action to proceed.") (citations and quotation omitted).

Based on Plaintiff's personal animus against Moving Defendants, the non-derivative litigation between Plaintiff and Defendants (both the trust and estate litigation and the individual claims in this case), and Plaintiff's strong interest in regaining personal control of Reading, Plaintiff cannot adequately and fairly represent Reading shareholders in this action. The Complaint should therefore be dismissed.

D. Plaintiff, in His Individual Capacity, Was Not Owed Any Fiduciary Duty

Plaintiff brings this action both in his individual capacity and as a shareholder of Reading. If the Complaint is not dismissed in its entirety, each of the three purported causes of action in the Complaint should be dismissed to the extent they are brought by Plaintiff in his individual capacity. Each of the Complaint's three purported causes of action is based on an alleged breach of fiduciary duty *owed to the corporation*. Reading's Board of Directors did not owe Plaintiff any fiduciary duty in his capacity as an officer or executive of the company. Corporate officers owe a fiduciary duty to the corporation, but are owed no such duty in return. Moving Defendants are not aware of any case in any jurisdiction holding that a board of directors owes a fiduciary duty to an officer of the corporation. Because the Complaint fails to allege any fiduciary duty owed to Plaintiff individually, all claims brought by Plaintiff in his individual capacity must be dismissed.

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V. CONCLUSION

WHEREFORE, based on the foregoing, Moving Defendants respectfully request the Court dismiss the Complaint in its entirety.

Dated this 10th day of August, 2015.

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By /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
QUINN EMANUEL URQUHART & SULLIVAN, LLP
Attorneys for Defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane

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CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of August, 2015, I served a copy of the foregoing **MOTION TO DISMISS** upon each of the parties via Odyssey E-Filing System pursuant to NRCP 5(b)(2)(D) and EDCR 8.05 to:

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EXHIBIT A

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

Form 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2014

or

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

For the transaction period from _____ to _____

Commission file number: 1-8625

Reading International, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	**95-3885184**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6100 Center Drive, Suite 900 Los Angeles, CA	**90045**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Title of Each Class	**Name Of Each Exchange On Which Registered**
Class A Nonvoting Common Stock, $0.01 Par Value per Share	**NASDAQ**
Class B Voting Common Stock, $0.01 Par Value per Share	**NASDAQ**

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

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

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

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

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

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

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

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

Large accelerated filer☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

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

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

EXPLANATORY NOTE

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

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

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

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead independent director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation and Stock Options Committee.

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

Ellen M. Cotter. Ellen M. Cotter has been a member of the board since March 7, 2013, and on August 7, 2014 was appointed as Chair of our board. She joined our company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the board her 16 years of experience working in our company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our company's domestic cinema operations. She has also served as the Chief Executive Officer of our subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. Ms. Cotter also is a significant stockholder in our company.

James J. Cotter, Jr. James J. Cotter, Jr. has been a director of our company since March 21, 2002, and was appointed Vice Chair of the Board in 2007. The board appointed Mr. Cotter, Jr. to serve as our President, beginning June 1, 2013. On August 7, 2014, he resigned as Vice Chair and was appointed to succeed his late father, James J. Cotter, Sr., as our Chief Executive Officer. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a director to Cecelia Packing Corporation from February 1996 to September 1997 and as a director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter.

Mr. Cotter, Jr. brings to the board his experience as a business professional, including as chief Executive Officer of Cecelia Packing Corporation, and corporate attorney, and his operating experience as the Chief Executive Officer of Cecelia. As the Vice Chair of our company, since 2007 he has chaired the weekly

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

Margaret Cotter. Margaret Cotter has been a director of our company since September 27, 2002, and on August 7, 2014 was appointed as Vice Chair of our board. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Ms. Cotter receives no compensation for this position, other than the right to participate in our company's medical insurance program. Ms. Cotter manages the real estate which houses each of the four live theaters under our Theater Management Agreement with Ms. Cotter's company, OBI LLC. Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties as well as heads the day to day pre-development process and transition of our properties from theater operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates, which subsequently sold the business to our company along with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing our theater these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, she is a significant stockholder in our company.

Guy W. Adams. Guy W. Adams has been a director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past eleven years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this time, Mr. Adams provided investment advice to various family offices and invested his own capital in public and private equity transactions. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

William D. Gould. William D. Gould has been a director of our company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our board to provide oversight in such matters.

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

Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the board his many years as a tax attorney and law professor, which experience well-serves our company in addressing tax matters. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a director of our company since May 17, 2012 and Chair of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the board and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chair of the board of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since September 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm, Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the board his more than 37 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Tim Storey. Tim Storey has been a director of our company since December 28, 2011. Mr. Storey has served as the sole outside director of our company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chair of the board of that company on July 1, 2009. Since July 28, 2014, Mr. Storey has served as a director of JustKapital Litigation Partners Limited, an Australian Stock Exchange-listed company engaged in litigation financing. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, a New Zealand-listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chair of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities.

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

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

Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 57 years and, immediately before joining our company, served as the President of Loews Theatres Management Corporation.

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer

(handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, which experience will help us with our real estate and cinema developments there. Mr. Ellis graduated Phi Beta Kappa from Occidental College with a B.A. degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

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

Devasis ("Dev") Ghose. On April 20, 2015, we agreed to retain Devasis Dev Ghose to be our new Chief Financial Officer and Treasurer, effective May 11, 2015. Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles for 25 years with three NYSE-listed companies: Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage), Skilled Healthcare Group (a health services company, now part of Genesis HealthCare), and HCP, Inc., (which invests primarily in real estate serving the healthcare industry), and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe). Earlier, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the US & KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

Relationships

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

Committees of the Board of Directors

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

The Cotter family members who serve as directors and officers of our company collectively own beneficially shares of our Class B Stock representing more than 70% of the voting power for the election of directors of our company. Therefore, our board has determined that our company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our board has unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to James J. Cotter, Sr., our former controlling stockholder, in order to be elected. The Cotter family, as the holders of a majority of the voting power of our company, are able under Nevada corporations law and our charter documents to elect candidates to our board and to remove a director from the board without the vote of

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

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

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

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

Executive Committee

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

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

Audit and Conflicts Committee

Our board maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by our board that is available on our website at www.readingrdi.com. Our board has determined that the Audit Committee is comprised entirely of independent directors (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. During 2014, our Audit and Conflicts Committee was comprised of Mr. McEachern, who served as Chair, and Messrs. Kane and Storey.

Compensation and Stock Options Committee

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

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

Tax Oversight Committee

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

Code of Ethics

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees. The Code of Ethics is available on our website at www.readingrdi.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission (the "SEC") and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transaction that occurred in 2014 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file one Form 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock.

All of the transactions involved were between the individual involved and our company or related to certain inter-family or estate planning transfers, and did not involve transactions with the public. Insofar as we are aware, all required filings have now been made.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our board has established a standing Compensation Committee consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the authority delegated to the Compensation Committee from time to time by our board.

The Compensation Committee recommends to the full board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our company. Our board with the Cotter family directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or

take other compensation actions of its own. Prior to his resignation as our Chair and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated by our board responsibility for determining the compensation of our executive officers other than himself and his family members. The board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

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

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

CEO Compensation

The Compensation Committee recommends to our board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant. The Compensation Committee has established three components of our Chief Executive Officer's compensation -- a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element is to reasonably reward our Chief Executive Officer for his performance and leadership.

In 2007, our board approved a supplemental executive retirement plan ("SERP) pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our company and its predecessors. Neither Mr. James J. Cotter, Jr., Mr. Cotter, Sr.'s successor as our Chief Executive Officer, nor any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

2014 CEO Compensation

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

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

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of United States and Australian companies and published compensation survey data, and to our company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group.

The peer group consisted of the following 18 companies:

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

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

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

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

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

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

Salary: $750,000

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

Discretionary Cash Bonus: Up to $750,000.

In 2013, the Compensation Committee recommended and our board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless

his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

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

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

At its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he was to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to $1,200,000 divided by the closing price of the stock on February 27, 2104, the date the Committee approved the stock bonus. This compares to a similar stock bonus to Mr. Cotter, Sr. of $750,000 in 2013.

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

Following his appointment on August 7, 2014 as our Chief Executive Officer, James J. Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. has not yet been awarded a discretionary cash bonus for 2014.

Total Direct Compensation

We and our Compensation Committee have no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

Compensation of Other Named Executive Officers

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

Mr. Cotter, Sr. set the 2014 base salaries of our executive officers other than himself and members of his family. Mr. Cotter, Sr.'s decisions were not subject to approval by the Compensation Committee or our board, but our Compensation Committee and our board considered Mr. Cotter, Sr.'s decisions with respect to executive compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. informed us that he did not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor did he consult with compensation consultants on the matter. Mr. Cotter, Sr. also advised us that he considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   - attract and retain talented executives;
   - reward executives appropriately for their individual efforts and job performance; and

- afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our board.

2. In support of the foregoing, the total compensation paid to our named executive officers should be:

   - fair both to our company and to the named executive officers;
   - reasonable in nature and amount; and
   - competitive with market compensation rates.

Personal and company performances were just two factors considered by Mr. Cotter, Sr. in establishing base salaries. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2014, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. No stock bonuses were awarded in 2014 to our named executive officers other than Mr. Cotter, Sr.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered by Mr. Cotter, Sr. in setting the base salaries may have included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we have awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our board of directors has delegated to our Chief Executive Officer the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives. Any discretionary annual bonuses to the Cotter family executive have historically been determined by our board based upon the recommendation of our Compensation Committee.

In light of Mr. Cotter, Sr.'s death in September 2014, cash bonuses for 2014 have not yet been determined by Mr. Cotter, Jr. or, in the case of the Cotter family members, recommended by the Compensation Committee or approved by our board. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

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

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

2014 Base Salaries and Target Bonuses

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals. Our Compensation Committee recommended and our board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2014:

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

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

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

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

We offer stock options and stock awards to our employees, including named executive officers, as the long-term incentive component of our compensation program. We sometimes grant equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we grant to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

Other Elements of Compensation

Retirement Plans

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Supplemental Executive Retirement Plan

In March 2007, our board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our company, Mr. Cotter, Sr. was to be entitled to receive from our company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested. In October 2014, following Mr. Cotter, Sr.'s death, we began accruing monthly supplemental retirement benefits of $57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries.

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

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our board. Mr. Matyczynski's DCP vested as follows:

December 31	Total Vested Amount at the End of Each Vesting Year
2013	$300,000
2014	$450,000

Mr. Matyczynski resigned his employment with the company effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation until May 11, 2015. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

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

Key Person Insurance

Our company maintains life insurance on certain individuals who we believe to be key to our management. These individuals include James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, director or independent contractor of our company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our company. In the case of named executive officers, the premium paid by our company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits, although in the past we provided Mr. Cotter, Sr. the personal use of our West Hollywood, California, condominium, which was used as an executive meeting place and office and sold in February 2015, a company-owned automobile and a health club membership. Historically, all of our other named executive officers also have received an automobile allowance. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Tax Gross-Ups

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

Tax and Accounting Considerations

Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. The Compensation Committee and our board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

Nonqualified Deferred Compensation

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

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to

Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our company's executive compensation. The Compensation Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our board that the foregoing "Compensation Discussion and Analysis" be included in this Form 10-K/A.

Respectfully submitted,

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

Compensation Committee Interlocks and Insider Participation

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

Executive Compensation

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

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

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through

December 31, 2014, (iii) Mr. Andrzej Matyczynski, our financial officer, and (iv) the other three persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

Summary Compensation Table

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr.(2)	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
Chair of the Board	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
and Chief Executive	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000
Officer								
James J. Cotter, Jr.(5)	2014	335,000	--	--	--	--	27,000 (7)	362,000
President and Chief	2013	195,000	--	--	--	--	20,000 (7)	215,000
Executive Officer	2012	--					0	0
Andrzej Matyczynski	2014	309,000			33,000	150,000 (6)	26,000 (7)	518,000
Chief Financial Officer	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
and Treasurer	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
President – Domestic	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
Cinema Operations	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
Chief Operating Officer	2013	335,000	--	--	--	--	25,000 (7)	360,000
Domestic Cinemas	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith	2014	324,000	45,000	--	--	--	19,000 (7)	388,000
Managing director -	2013	339,000	--	--	--	--	20,000 (7)	359,000
Australia and New Zealand	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 17, 2015.

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

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

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

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014.

(6) Represents the increase in the vested benefit of the DCP for Mr. Matyczynski. Payment of the vested benefit under his DCP will be made in accordance with the terms of the DCP.

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

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

Employment Agreements

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

Under his employment agreement, we may terminate Mr. Cotter Jr.'s employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Cotter Jr. will be entitled to receive severance in an amount equal to the compensation he would have received had he remained employed by us for 12 months.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of $350,000, with an annual target bonus of at least $60,000. Mr. Ellis also received a "sign-up"' bonus of $10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 Class A shares at an exercise price equal to the closing price of our Class A shares on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan (the "Plan") at the annual meeting of stockholders in accordance with the recommendation of the board of directors of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, directors, and consultants. The Plan permits issuance of a maximum of 1,250,000 shares of class A nonvoting common stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

Certain Federal Income Tax Consequences

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

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

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

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

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

Outstanding Equity Awards

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

Outstanding Equity Awards At Year Ended December 30, 2014

	Option Awards					Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James J. Cotter, Sr.	B	100,000	--	10.24	09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A	10,000	--	8.35	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	25,000	25,000	6.02	08/22/2022	--	--
Robert F. Smerling	A	43,750	--	10.24	09/05/2017	--	--

Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2014:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	--	--	160,643	1,200,000
Andrzej Matyczynski	35,100	180,063	--	--

Pension Benefits

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

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James J. Cotter, Sr.(1)	SERP	27	$ 7,595,000	$ --
Andrzej Matyczynski(2)	DCP	5	$ 450,000	$ --

Director Compensation

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

Upon joining our board, new directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. From time to time our directors also are granted additional stock options as compensation for their service on our board. Historically, these awards were based upon the recommendations of our former Chair and principal shareholder, Mr. James J. Cotter, Sr., which recommendations were reviewed and acted upon by our entire board. When such additional awards have been made, typically, each sitting director (other than Mr. Cotter, Sr., who historically did not participate in such awards) was awarded the same number of options on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration.

In November 2014, our board of directors determined to make grants to our non-employee directors on January 15 of each year of stock options to purchase 2,000 shares of our Class A Stock. The options will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

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

Director Compensation Table

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

(1) In addition to her director's fees, Ms. Margaret Cotter receives a combination of fixed and incentive management fees under the OBI Management Agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.

(2) Mr. Adams joined the board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share.

(3) This amount represents fees paid to Mr. Storey as the sole independent director of our company's wholly-owned New Zealand subsidiary.

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

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

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

- each of our incumbent directors;
- each of our incumbent named executive officers set forth in the Summary Compensation Table of this Proxy Statement;

- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and

- all of our incumbent directors and incumbent executive officers as a group.

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

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

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

(1) Percentage ownership is determined based on 21,745,484 shares of Class A Stock and 1,580,590 shares of Class B Stock outstanding on May 6, 2015. Except as described in footnote (13) with respect to the beneficial ownership of all directors and executive officers as a group, the table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option. Except as described with respect to the disputed shares and the disputed option, beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of May 6, 2015, which are indicated by footnote, are deemed to be

beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown include 97,500 shares subject to stock options. The Class A Stock shown also include 289,390 shares held by a trust for the benefit of James J. Cotter, Sr.'s grandchildren (the "Cotter grandchildren's trust") and 102,751 held by the James J. Cotter Foundation. Mr. Cotter, Jr. is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the James J. Cotter Living Trust, or the "Living Trust," which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(3) The Class A Stock shown includes 20,000 shares subject to stock options. The Class A Stock shown also include 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 408,263 shares that Ms. Cotter maintains are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and that Mr. Cotter, Jr. contends are held by the Living Trust. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(4) The Class A Stock shown includes 17,000 shares subject to stock options. The Class A shares shown also include 289,390 shares held by the Cotter grandchildren's trust and 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 408,263 shares that Ms. Cotter maintains are part of the Cotter Estate and that Mr. Cotter, Jr. contends are held by the Living Trust. As co-executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(5) Includes 17,000 shares subject to stock options.

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

(7) Includes 27,000 shares subject to stock options.

(8) Consists of shares subject to stock options.

(9) James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are the Co-trustees of the Living Trust. On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away in September 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. to our board and to take all actions to rotate the chairmanship of our board among the three of them. On February 6, 2015, Ellen Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. As co-trustees of the Living Trust, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter would share voting and investment power of the shares held by the Living Trust and, as such, would be deemed to beneficially own such shares. As trustee or co-trustees of the Reading Voting Trust, Margaret Cotter or Mr. Cotter, Jr., or both, would be deemed to beneficially own the Class B Stock shown. Each of Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter disclaims beneficial ownership of the shares held by the Living Trust except to the extent of his or her pecuniary interest, if any, in such shares.

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

(11) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13G filed on February 14, 2012.

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

(13) The Class A Stock shown includes 408,263 disputed shares of Class A Stock and 251,250 shares subject to options. The Class B Stock shown includes the 327,808 disputed shares and the 100,000 shares subject to the disputed option.

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

Certain Relationships and Related Transactions

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chair. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company that is owned by Sutton Hill Associates, which was a 50/50 partnership between James J. Cotter, Sr. and Michael Forman. The Village East is the only cinema subject to this lease, and during 2014, 2013 and 2012 we paid rent to SHC in the amount of $590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

In February 2015, we and SHP entered into an amendment to the management agreement dated as of June 27, 2007 between us and SHC. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2 & 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2 & 3 over the average annual positive cash flow of the Cinemas over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations.

OBI Management Agreement

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

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

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

Live Theater Play Investment

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

Shadow View Land and Farming LLC

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Summary of Principal Accounting Fees for Professional Services Rendered

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2014, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Audit Fees

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2014 and 2013 were approximately $661,700 and $550,000, respectively.

Audit-Related Fees

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

Tax Fees

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

All Other Fees

Grant Thornton, LLP did not provide us any services for 2014 or 2013 other than as set forth above.

Pre-Approval Policies and Procedures

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2014 and 2013.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

SIGNATURES

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

READING INTERNATIONAL, INC.

Date: May 8, 2015

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

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

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

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.
James J. Cotter, Jr.
Chief Executive Officer

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

I, Andrzej Matyczynski, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ ANDRZEJ MATYZYNSKI
Andrzej Matyczynski
Chief Financial Officer

JMOT

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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.	Case No. P 14-082942-E Dept. XI
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, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Case No. A-15-719860-B Dept. No. XI *Jointly Administered* **READING INTERNATIONAL, INC.'S JOINDER TO MARGARET COTTER, ELLEN COTTER, DOUGLAS MCEACHERN, GUY ADAMS, AND EDWARD KANE'S MOTION TO DISMISS COMPLAINT** **Date of Hearing: September 10, 2015** **Time of Hearing: 8:30am.**

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Reading International, Inc. ("Reading") by and through its counsel Greenberg Traurig, LLP hereby submits this Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams and Edward Kane's Motion to Dismiss Complaint ("Motion to Dismiss"). As detailed in Reading's Motion to Compel Arbitration, Reading believes this matter should be stayed and all claims determined through Arbitration. However, should this Court disagree and instruct the parties to move forward herein, Reading hereby joins the Motion to Dismiss in its entirety.

DATED this 20th day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

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G. LANCE COBURN, ESQ. (NV Bar No. 6604)
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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 Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane's Motion to Dismiss Complaint*** 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.

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DATED this 10th day of August, 2015.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP

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Attorneys for Defendants William Gould and
Timothy Storey

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of JAMES J. COTTER, Deceased.	Case No. P-14-082942-E Dept. 11 DEFENDANTS' WILLIAM GOULD AND TIMOTHY STOREY'S NOTICE OF MOTION AND MOTION TO DISMISS COMPLAINT
JAMES J. COTTER, JR., an individual and derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Case No. A-15-719860-B Dept. 11 *Jointly Administered*

AUPIN, COX & LEGOY
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NOTICE OF MOTION AND
MOTION TO DISMISS OF
DEFENDANTS WILLIAM GOULD AND TIMOTHY STOREY
[NRCP 12(b)(5)]

Defendants William Gould ("Gould") and Timothy Storey ("Storey") hereby submit their Motion to Dismiss for failure to state a claim against either Gould or Storey upon which relief can be granted. This Motion is made pursuant to Rule 12(b)(5) of the Nevada Rules of Civil Procedure. The "First Cause of Action (For Breach of Fiduciary Duty – Against All Defendants)" of the Complaint filed by James Cotter, Jr. ("JJC" or "Plaintiff") is the only cause of action that relates to Gould or Storey. The "First Cause of Action" fails to state a claim against either Gould or Storey for breach of fiduciary duty involving intentional misconduct, fraud, or a knowing violation of the law.

This Motion is based upon the following: the papers and pleadings on file herein, the Memorandum of Points and Authorities, all of the records, documents, pleadings, and paper on file or to be filed in the above-entitled matter, arguments of counsel, and any other matters that may properly come before the Court for its consideration of this Motion.

DATED: September 23, 2015.

MAUPIN, COX & LeGOY

By: _____
Donald A. Lattin, Esq., Bar No. 693
Attorneys for Gould and Storey

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NOTICE OF MOTION

TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that the undersigned will bring the foregoing **MOTION TO DISMISS OF DEFENDANTS WILLIAM GOULD AND TIMOTHY STOREY [NRCP 12(b)(5)]** on for hearing before the above-entitled Court on the 27 day of Oct., 2015, at 8:30am a.m./p.m., or as soon thereafter as counsel may be heard.

DATED this 23rd day of September, 2015.

MAUPIN, COX & LeGOY

By: _____
Donald A. Lattin, Esq., Bar No. 693
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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

For his own improper tactical reasons, Plaintiff has swept up outside directors Gould and Storey into his personal vendetta against Reading International, Inc.'s Board of Directors. But the Complaint contains absolutely no allegations of improper conduct as to these two directors. To the contrary, the Complaint acknowledges that they were vocal in expressing their concern about the process by which the Board made its decision to terminate Plaintiff as President and CEO, and acknowledges that they voted against his termination.

As there are no factual allegations supporting any wrongdoing by Gould or Storey either pertaining to Plaintiff's termination or that meet the standard for liability under NRS 78.138(7), the Complaint should be summarily dismissed as to these directors.

II.

STATEMENT OF RELEVANT FACTS

On June 12, 2015, a majority of the Company's Board of Directors voted to terminate Plaintiff from his role as President and CEO on June 12, 2015. Complaint at ¶ 105. At the time, the Company's Board of Directors included Plaintiff, Ellen Cotter ("EC"), outside director Margaret Cotter ("MC"), outside director Edward Kane ("Kane"), outside director Guy Adams ("Adams"), outside director Douglas McEachern ("McEachern"), outside director Gould, and outside director Storey. *See* Complaint at ¶¶ 1-2. At the time, Plaintiff and his sisters, EC and MC, were litigating over the trusts and the estate of their father. Complaint at ¶ 22. The litigation involved control of the voting stock of Reading International, Inc. ("RDI or the "Company"). *Id.*

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Gould and Storey "voted against terminating JCC as President and CEO." Complaint at ¶ 105. Gould objected to the process that culminated in Plaintiff's firing, opining "that it was not the role of the RDI board of directors to intercede in the personal disputes between EC and MC, on the one hand, and JCC, on the other hand, nor to tip the balance of power in those disputes." Complaint at ¶ 95. Storey echoed Gould's comments and called the lack of process for firing Plaintiff a "kangaroo court[.]" Complaint at ¶ 2. Gould warned the directors not to fire Plaintiff without undertaking a clear process to make that decision. *Id.*

Plaintiff's "First Cause of Action" is the only cause of action that relates to either Gould or Storey. Plaintiff's "First Cause of Action" alleges "breach of fiduciary duty." Complaint at ¶¶ 111-117. Plaintiff alleges Storey and Gould (along with Kane, Adams, and McEachern) owed fiduciary duties of "care, candor, good faith and loyalty, to the Company, to Plaintiff and to other RDI shareholders." Complaint at ¶ 112. Plaintiff alleges that, in particular, the directors breached their fiduciary duties by not engaging in an adequate process to assess whether to terminate Plaintiff as President and CEO of the Company. Complaint at ¶ 115.

Plaintiff also alleges that the outside directors (including Gould and Storey) succeeded in increasing their compensation by 43% in November 2014, Complaint at ¶ 33, and that in approximately spring of 2015 "the non-Cotter directors were seeking additional compensation[,]" Complaint at ¶ 57. Additionally, Plaintiff alleges that the outside directors "took steps to protect and enhance their personal interests[,]" Complaint at ¶ 41, by purchasing a directors and officers insurance policy with a $ 10 million limit and by determining that "stock option grants to individual directors made on or about November 13, 2014 would vest immediately and...that January 15, 2015 would be the date on which to establish the stock price for option purposes[,]" Complaint at ¶ 42.

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With respect to the "First Cause of Action," Plaintiff seeks damages in excess of $50,000.

With respect to the entire lawsuit, Plaintiff seeks

> 133. ...temporary, preliminary and permanent injunctive relief restraining Defendants, and each of them, from continuing their course of conduct and undertaking further actions in derogation of their fiduciary obligations, and to an order and judgement finding that the actions undertaken to date to threaten JCC with termination and thereafter terminate JCC...are legally ineffectual and of no force and effect.

Complaint at ¶ 133.

II.

LAW, ARGUMENT, AND ANALYSIS

A. Standard of Review.

When a complaint fails to state a claim upon which relief can be granted by the court, the party against whom the claims have been brought may move the court to dismiss those claims. *See* NRCP 12(b)(5). NRCP 8(a)(1) requires a "short and plain statement of the claim showing that the pleader is entitled to relief[.]" Unless a complaint states a claim upon which relief can be granted, it is subject to dismissal at the request of the responding party. In *Buzz Stew, LLC v. City of North Las Vegas*, 181 P.3d 670 (2008), the Supreme Court of Nevada clarified the standard of review for failure to state a claim upon which relief can be granted, stating that "[t]he appropriate standard requires a showing beyond a doubt." *Id.* at fn.6. All factual allegations in the complaint are to be taken as true and all inferences are to be drawn in favor of the complaining party. *Id.* at 672.

Rule 12(b)(5) of the Nevada Rules of Civil Procedure mirrors its federal counterpart, FRCP 12(b)(6). The Nevada Supreme Court has recognized that federal decisions involving the Federal Rules of Civil Procedure "provide persuasive authority when this court examines its

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rules." *See Nelson v. Heer*, 121 Nev. 832, 122 P.3d 1252 (2005).

The Court in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007) discussed the standard for evaluating whether a complaint is sufficient to survive a motion to dismiss. In *Twombly*, the Court held that the pleading standard in Fed.R.Civ.P. 8 does not require "detailed factual allegations," but it demands more than unsupported accusations. 550 U.S. at 555 (internal citations omitted). A pleading that offers "labels and conclusions" or "a formulaic recitation of the elements of a cause of action will not do." 550 U.S. at 555. Nor does a complaint suffice under *Twombly* if it tenders "naked assertion[s]" devoid of "further factual enhancement." *Id.* at 557. To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to "state a claim to relief that is plausible on its face." *Id.* at 570. Plausibility is shown when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. *Id.* at 556.

In *Ashcroft v. Iqbal*, 129 S.Ct. 1937, 173 L.Ed.2d 868 (2009), the Court examined *Twombly* and set forth two "working principals" derived from the *Twombly* decision. First, "the tenet that a court must accept as true all of the allegations contained in a complaint is inapplicable to legal conclusions." 129 S.Ct. at 1949. Second, "only a complaint that states a plausible claim for relief survives a motion to dismiss." *Id.* at 1950.

Thus, when a court considers a motion to dismiss, it can "choose to begin by identifying pleadings that, because they are no more than conclusions, are not entitled to the assumption of truth." *Id.* The legal conclusions in a complaint must be supported by factual allegations. *See id.* If there are factual allegations supporting the legal conclusions, the court "should assume their veracity and then determine whether they plausibly give rise to an entitlement to relief." *Id.* However, "bare assertions...amount[ing] to nothing more than a formulaic recitation

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of the elements of a...claim...are not entitled to an assumption of truth." *Moss v. U.S. Secret Serv.*, 572 F.3d 962, 969 (9th Cir. 2009) (quoting *Iqbal*, 129 S.Ct. at 1951) (alteration in original) (internal quotation marks omitted). The court discounts these allegations because they do "nothing more than state a legal conclusion - even if that conclusion is cast in the form of a factual allegation." *Id.* (citing *Iqbal*, 129 S.Ct. at 1951). "In sum, for a complaint to survive a motion to dismiss, the non-conclusory 'factual content,' and reasonable inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to relief." *Id.* (quoting *Iqbal*, 129 S.Ct. at 1949). Based on this standard, Gould and Storey must be dismissed from this action.

B. Plaintiff's First Cause of Action Fails to State a Claim against either Gould or Storey.

Plaintiff's "First Cause of Action" is for breach of fiduciary duty to Plaintiff, the Company, and other RDI shareholders. Complaint at ¶ 112. A claim for breach of fiduciary duty has three elements: (1) the existence of a fiduciary duty; (2) the breach of the duty; and (3) the breach proximately caused damages. *Klein v. Freedom Strategic Partners, LLC*, 595 F. Supp. 2d 1152, 1162 (D. Nev. 2009). Nevada recognizes two distinct types of fiduciary duties in the corporate context: (1) the duty of care; and (2) the duty of loyalty. *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 632, 137 P.3d 1171, 1178 (2006).

Under Nevada law,

> a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that:
>
> (a) The director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and
>
> (b) The breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

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NRS § 78.138(7). Therefore, in order for the Complaint to state a cause of action against Gould and Storey for breach of fiduciary duty to Plaintiff, the Company and RDI shareholders, it must allege that they perpetrated intentional misconduct, fraud, or a knowing violation of the law. The Complaint patently fails to do so.

1. **The Complaint Fails to State Facts Showing Gould or Storey Perpetrated Intentional Misconduct, Fraud, or a Knowing Violation of the Law.**

Plaintiff does not allege anywhere in the Complaint that either Gould or Storey perpetrated intentional misconduct, fraud, or a knowing violation of the law. The facts in the Complaint that relate specifically to Gould or Storey only portray them in a positive light. According to the Complaint, Gould and Storey were the only other responsible voices of reason trying to dissuade the RDI board from perpetrating the conduct at the center of the Complaint- namely, failing to engage in any legitimate process to decide Plaintiff's fate as President and CEO, *See* Complaint at ¶ 115. As Plaintiff admits, Gould and Storey warned the other directors not to engage in the so-called "coup" against Plaintiff. *Id.* at ¶ 2. Gould warned the other directors about the potential liability from the board's actions. *Id.* Storey even called the entire situation a "kangaroo court[.]" *Id.* After admonishing the rest of the board, Gould and Storey voted against terminating Plaintiff, *Id.* at ¶ 6.

Furthermore, the background facts that relate generally to Gould and Storey also fail to allege that they perpetrated intentional misconduct, fraud, or a knowing violation of the law. Plaintiff alleges that the outside directors (including Gould and Storey) succeeded in increasing their compensation by 43% in November 2014, Complaint at ¶ 33, and that in approximately spring of 2015 "the non-Cotter directors were seeking additional compensation[,]" Complaint at ¶ 57. There is no authority under Nevada law to support the proposition that a director of a

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corporation commits intentional misconduct, fraud, or a knowing violation of the law by simply accepting more compensation from the corporation or by asking for more compensation from the corporation. Indeed, Plaintiff acknowledges that the extra compensation suggested for Storey was in recognition of the extra time and travel he had undertaken in his role as ombudsman or facilitator between the Cotter directors. Complaint at ¶ 58. Plaintiff also alleges that the outside directors "took steps to protect and enhance their personal interests[,]" Complaint at ¶ 41, by purchasing a directors and officers insurance policy with a $ 10 million limit and by determining that "stock option grants to individual directors made on or about November 13, 2014 would vest immediately and…that January 15, 2015 would be the date on which to establish the stock price for option purposes[,]" Complaint at 42. There is no authority under Nevada law to support the proposition that a director of a corporation commits intentional misconduct, fraud, or a knowing violation of the law by simply purchasing a directors and officers insurance policy or by determining the specific terms of stock options granted to the board of directors.

Because Plaintiff does not allege anywhere in the Complaint that either Gould or Storey perpetrated intentional misconduct, fraud, or a knowing violation of the law, the Complaint fails to state a claim against them for breach of fiduciary duty.

2. Gould and Storey Did Not Owe Fiduciary Duties to Plaintiff in Plaintiff's Capacity as a Director or Officer of the Company.

The Complaint fails to state a claim that Gould or Storey breached their fiduciary duties to Plaintiff because Gould and Storey did not owe fiduciary duties to Plaintiff in Plaintiff's capacity as a director or officer of the Company. Directors owe fiduciary duties to their corporations and their shareholders, not to fellow directors or officers except to the extent a fellow director or an officer is a shareholder. 3 William Meade Fletcher, Fletcher Cyclopedia of the Law of Private

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Corporations § 837.50 (2002); *See also Shoen v. SAC Holding Corp.*, 122 Nev. 621, 632, 137 P.3d 1171, 1178 (2006) (omitting reference of fiduciary duties to directors or officers). Plaintiff was Gould and Storey's fellow director. Complaint at ¶ 7. Plaintiff was also an officer of the Company. *Id.* Thus, Gould and Storey did not owe fiduciary duties to Plaintiff in Plaintiff's capacity as a director or officer of the Company. Because Gould and Storey did not owe fiduciary duties to Plaintiff in Plaintiff's capacity as a director or officer of the Company, the Complaint fails to state a claim that for against them for breach of fiduciary duties to Plaintiff.

Gould and Storey did owe fiduciary duties to Plaintiff in Plaintiff's capacity as an RDI shareholder. However, as analyzed above, Gould and Storey the Complaint fails to state a claim against Gould and Storey for breach of fiduciary duties to the Company or the RDI shareholders because it completely fails to state facts alleging that Gould or Storey perpetrated intentional misconduct, fraud, or a knowing violation of the law.

III.

CONCLUSION

For the reasons set forth above, William Gould and Timothy Storey respectfully request that this Court enter its Order dismissing Plaintiff's cause of action against William Gould and Timothy Storey for failure to state a claim upon which relief can be granted.

MAUPIN, COX & LeGOY

By: _____
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Attorneys for Gould and Storey

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CERTIFICATE OF SERVICE

I certify under penalty of perjury that I am an employee of MAUPIN, COX & LeGOY, Attorneys at Law, and that on the date indicated below, I served the foregoing document(s) described as follows:

DEFENDANTS' WILLIAM GOULD AND TIMOTHY STOREY'S NOTICE OF MOTION AND MOTION TO DISMISS COMPLAINT

on the party(s) set forth below by:

_____ Placing an original or true copy thereof in a sealed envelope placed for collection and mailing in the United States Mail, at Reno, Nevada, postage paid, following ordinary business practices, addressed as follows:

XXX Odyssey E-Filing System pursuant to NRCP 5(b)(2)(D) and EDCR 8.05.

DATED this 23rd day of September, 2015.

Karen Leinhardt
Employee

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TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR.	.	
Plaintiff	.	CASE NO. A-719860
vs.	.	DEPT. NO. XI
MARGARET COTTER, et al.	.	**Transcript of Proceedings**
Defendants	.	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**HEARING ON DEFENDANTS' MOTION TO DISMISS
AND PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

THURSDAY, SEPTEMBER 10, 2015

APPEARANCES:

FOR THE PLAINTIFF: MARK G. KRUM, ESQ.
ALEX ROBERTSON, ESQ.

FOR THE DEFENDANTS: DONALD A. LATTIN, ESQ.
MICHAEL HUGHES, ESQ.
MARSHALL SEARCY, ESQ.
CHRISTOPHER TAYBACK, ESQ.
MARK E. FERRARIO, ESQ.
ALAN D. FREER, ESQ.

COURT RECORDER: TRANSCRIPTION BY:

JILL HAWKINS
District Court

FLORENCE HOYT
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript produced by transcription service.

LAS VEGAS, NEVADA, THURSDAY, SEPTEMBER 10, 2015 9:03 A.M.

(Court was called to order)

THE COURT: Cotter versus Cotter.

All right. Starting with Mr. Robertson, please go across the room, identify yourself for purposes of my record.

MR. ROBERTSON: Good morning, Your Honor. Alex Robertson for the intervening plaintiffs.

MR. KRUM: Good morning, Your Honor. Mark Krum for plaintiff James J. Cotter, Jr.

MR. TAYBACK: Good morning, Your Honor. Christopher Tayback, pro hac vice pending. And I'm appearing on behalf of the moving directors.

THE COURT: Anybody have an objection to him speaking today?

MR. KRUM: No, Your Honor.

MR. SEARCY: Good morning, Your Honor. Marshall Searcy also here for the moving defendants, also pro hac vice pending.

THE COURT: Anybody have any objection if he speaks today?

MR. ROBERTSON: No, Your Honor.

MR. KRUM: No, Your Honor.

THE COURT: Okay.

MR. HUGHES: Michael Hughes of the law firm of Cohen & Johnson, Your Honor, on behalf of the moving defendants.

MR. FERRARIO: Mark Ferrario, Your Honor, for Reading, who joined in the motion that will be argued by --

THE COURT: Not you.

MR. FERRARIO: -- not me.

MR. FREER: Alan Freer on behalf of the personal representatives.

THE COURT: And who's on the telephone?

MR. LATTIN: Don Lattin, Your Honor, representing Timothy Storey and William Gould.

THE COURT: Thank you.

It's your motion.

MR. TAYBACK: Good morning, Your Honor. One thing I think we know from the complaint and really the gravamen of the complaint is that the plaintiff was fired, fired by the directors, by a majority of the non-Cotter family directors, under a process that was put in place by the plaintiff when he was a director saying that that is how a termination would have to happen, if it was going to happen, of a Cotter family member. That's what this case is about, and that's really what's pled.

What that's not is it's not adequate for a derivative complaint. And that's really for three separate reasons. The first is that it does not satisfy the pre-filing demand requirement. And there's no dispute that that wasn't made. The question, the question as framed by the complaint

is whether or not it adequately alleges disinterest of the directors or a lack of disinterest by a majority of the directors. Second, it doesn't plead around the business judgment rule. And, third, it hasn't pleaded damages to the class. And that really relates to the fourth point, which is that the plaintiff, this plaintiff, is not an adequate plaintiff for this case, for a derivative case. And I'm going to address those really in turn fairly briefly, given Your Honor's time constraints.

The first is if you look at the cases, the seminal cases that talk about when a demand is deemed futile based on the lack of disinterest by directors, the allegations in this complaint fall squarely within the cases. Things like they have a business relationship with some of the principal directors, the principal directors own a large controlling share, those are issues that were decided and not deemed sufficient to plead disinterest. If you look at the Martha Stewart case or you look at the Wynn case, those fall squarely within that, and that's really all the allegations against people like Mr. McEachern, Mr. Kane, Mr. Adams --

THE COURT: But don't you want to look at the Schoen case because we actually have Nevada law on it?

MR. TAYBACK: And I have looked at the Schoen case.

THE COURT: Okay.

MR. TAYBACK: And the Schoen case says that it's the

plaintiff's burden to plead and overcome the presumption of the business judgment rule that shows that the majority of those directors are disinterested. And simply saying that they have a social relationship, that is not sufficient. It's not sufficient there, and it's not sufficient in any other case. You have to show that they acted in their own self interest. And there's nothing that pleads that either Margaret or Ellen Cotter or, frankly, Mr. Adams or Mr. McEachern or Mr. Kane did that. Simply keeping your status as a director is not sufficient. Simply saying that one perceives, as alleged in this complaint, perceives that the board is having difficulty getting along with, that the parties can't get along. In fact, that falls squarely within the business judgment rule, and that's exactly what took place in that Disney case out of Delaware, which is persuasive authority, though not Nevada authority.

The point really is whether that satisfies the requirement, which is a high burden in a derivative case, for saying that a demand on this board would be futile. The fact is it wouldn't be futile. It was a divided board in any event.

The second point that I want to make is that this plaintiff is not only a inadequate representative of this class, but he's an unnecessary representative. And I say that second point because I think it's worth highlighting. There's

some references in the opposition to the fact that there's a subsequent complaint in intervention filed by what are called the T2 plaintiffs.

THE COURT: Mr. Robertson's clients.

MR. TAYBACK: Yes. And that motion -- that complaint -- that complaint isn't at issue. There's no motion pending on that complaint as of yet. It's not due for a period of time. But the point is that whether Mr. Cotter is an adequate representative is highlighted by the fact that what he's seeking is different than what the T2 plaintiffs really are seeking. They have a complaint that addresses conduct that occurred at the corporation while the plaintiff was a director, while the plaintiff was the CEO. And when you evaluate the question of whether or not Mr. Cotter, the plaintiff, is an adequate representative you look not only at one kind of damages, what he's seeking to regain or restore to the corporation, which in his case frankly is not anything. It's really his job that he's seeking to have reinstated. And there's speculative arguments at best about what impact that would have on shareholders. But that's different than what the real gravamen of a derivative complaint is.

The real problem is that you don't need to have Mr. Cotter raise this derivative complaint, because T2 is there. They would be an adequate plaintiff. At least they're not saddled with the burden that Mr. Cotter has of having a

personal self interest, having parallel litigation, having an agenda other than the benefit of shareholders. And that's the criteria. That's really what the criteria boils down to for determining whether a plaintiff is an adequate plaintiff for a derivative claim.

With that I will reserve the balance of my time, if I can.

THE COURT: Yes.

MR. TAYBACK: Thank you.

THE COURT: Mr. Krum.

MR. KRUM: Good morning, Your Honor. Thank you. Please indulge me. I've broken my glasses, and so the ones I've purchased from Walgreens I can see to read, but I can't see you.

THE COURT: I'm still up here. I'm in a blur.

MR. KRUM: Well, I can, but not the way I'd like to.

The argument just proffered is like the argument made in the moving papers, including that it contains mischaracterizations of the allegations of my complaint and also contains mischaracterizations of the allegations of the intervening complaint. We've addressed those issues in our opposition. I don't intend to repeat that. What I do want to do is speak to a few things that I think their reply papers highlight in a rather telling way.

This is a derivative case, and therefore when day's

ended why the sun rises in the east there's going to be a motion to dismiss challenging the adequacy of allegations pleading demand futility. We have those. We've briefed those. They were just argued, and I may speak to them briefly. We spoke to them at length in the opposition.

In this case the defendants set about the day after this case was filed of creating a arbitration, which is a contrived dispute. First they use that as a basis for a motion to compel arbitration, which you denied. Now it's a principal basis for their adequacy argument.

We spoke to the eight or so considerations in our opposition brief, almost all of which were ignored in the moving papers and the reply brief, and purposefully so, I submit. So I'm going to talk about what the reply brief tells us. It starts out with an argument that isn't about demand futility and it is not about adequacy. It's about pleading damages. Well, I respectfully submit, Your Honor, that's a telling, telling point, that they didn't start with one of the two principal bases of their motion, one of which is what is argued in every case of this nature. And that argument, of course, is simply wrong as a matter of law. It suggests that you must plead some sort of money damages. Well, obviously in a court in equity that's not the case.

So I'm going to go back to one of my favorite cases by virtue of what I think is a lovely quote. "An equitable

action does not become permissible simply because it is legally possible. That's Schnell v. Cris-Craft. We cited that in the opposition to the motion to compel arbitration. That's a case in which the defendant board of directors changed something about the annual meeting and they did so in what they contended was in compliance with Delaware law. The court found that they did so for the purpose of disenfranchising shareholders and the effect of doing so and granted injunctive relief.

Well, of course, that's the nature of the relief sought by our complaint, not simply with respect to the termination of the plaintiff, but also with respect to the ongoing dismantling of the fundamental corporate governance structures to the company. As you know, they've effectively replaced the board of directors with a four-member executive committee comprised of, not surprisingly, Ellen Cotter, Margaret Cotter, Ed Kane, and Guy Adams. And what we'll learn in discovery is that has effectively supplanted the board of the directors on a going forward basis. And what does that mean? That means directors Gould and Storey, who weren't with the program, are excluded from functioning as board members, as is my client.

So, in any event -- and then the last thing on that particular point, the case they cite doesn't say anything at all about monetary damages. It's just a general proposition

that you need to have causation between the complaint of conduct and the relief you seek.

Now, the argument today started with a misstatement that the complaint alleges that the plaintiff was terminated pursuant to a process. In point of fact the complaint alleges that the process in existence was preempted and aborted so that it wouldn't come to fruition, and he was then terminated before it came to fruition. Perhaps Counsel's referring to something different, which is in paragraph 43 of our complaint. It recites that at a January 15th, 2015, meeting the what I'll call the non-Cotter members of the board of directors reached -- resolved with the three Cotters abstaining that any of the three of them could be terminated only upon a majority vote of the non-Cotter directors. And the only reasons I mention that is perhaps that's what he's thinking of and why he misspoke. And that shows you that as of January every member of that board knew that there was a conflict such that none of the Cotters could properly vote with respect to the employment of the other Cotters. Those people made that determination, and it's in the complaint.

With respect to Kane and Adams and McEachern we go through that in extensive detail. And unless you want me to speak to some of that, I won't.

THE COURT: I don't need you to.

MR. KRUM: And on the adequacy, we've covered that

in extensive detail. So unless you have questions --

THE COURT: Can you talk to me about the derivative nature of the damages that you've alleged, if any.

MR. KRUM: Sure. Well, as I said a moment ago, Your Honor, I expect that that will change over the course of discovery, because the scheme that was the subject matter of the complaint is ongoing. Recall, it started with an effort to pressure my client to reach a resolution of a trust in a state litigation that would entail, among other things, effectively ceding control of the Class B voting stock and the company to Ellen and Margaret Cotter. When the five outside -- when the three outside directors, McEachern, Kane, and Adams, together with Ellen and Margaret, gave him ultimatum over a period of -- repeatedly over a period of three weeks, which ultimatums were followed with take-it-or-leave-it demands, they weren't acting to further the interests of the company, they were acting to further the interests of themselves and Ellen and Margaret, and they've continued to do so since we filed the complaint.

To answer your question, Your Honor -- this is not in the complaint, because it postdates the complaint; I could put it in the complaint, but that doesn't change anything -- they have formed an executive committee comprised of the four people I mentioned, they've given to that executive committee the full power of the board. That conduct, Your Honor, is in

derogation of historical practices of the company. To be perfectly clear, the company has always had an executive committee, and every SEC disclosure says we have an executive committee with the full powers of the board, it's never, ever, ever done anything. So now it does everything. And do you know what they've disclosed about that? Nothing. Not one word. Not an 8K, nothing. And I guarantee you that won't be in their proxy statement, either.

So the answer to the question, Your Honor, it's in the nature of restoring the full function of the fundamental corporate governance entity, the board of directors, which has been preempted by these people as part of their scheme to secure and exercise and cement control. And the other part today is to require them to make curative disclosures. The range of the disclosures weren't confined to what I described, but what I'm addressing is what's ongoing. This is not -- they depict this as a one off employment decision. But if you look at our preliminary injunction motion, you look at the intervening complaint, both of which postdate the complaint, you can see that the's not the case. What transpired is exactly what I said, a scheme to secure control, entrench themselves, and misuse their position as directors to further their own interests in derogation of the interests of the company and a derogation of the fiduciary obligations to all shareholders.

So the injunctive relief, Your Honor, is going to be entirely of an equitable nature unless we get into particulars. And we may. We raise some monetary items in our complaint, moneys paid to Ellen Cotter that weren't paid to others, $50,000 supposedly to reimburse her. The intervening complaint has a little more focus on that kind of thing, as well as a couple additional items that, contrary to what was represented to you, did not occur when my client was CEO of the company. So they may have some monetary issues. I don't know whether we will.

THE COURT: So why do I need two derivative claims?

MR. KRUM: Well, I suggest you look back at the Mayer [phonetic] case. That's a case in which the court found that the plaintiff, who was similarly situated to my plaintiff, was uniquely qualified. Basically what happens is the court assessed whether there would be any value added, and the court found there would be substantial value added because the plaintiff was uniquely qualified by virtue of his familiarity with the company and the issues and so forth. And as a practical matter, neither as a matter of law nor as a matter of logic does it follow that if there are two plaintiffs, two derivative plaintiffs with overlapping claims that one is unnecessary. They cite no authority for that, it's logically fallacious and I can tell you exactly what that's about. As a practical matter it's a simple divide-and-

conquer strategy, if we can get rid of Cotter and Krum then all we have to do is do some pablum standard settlement and maybe these investor plaintiffs will go away. I'm not suggesting they will, but, look, this isn't an argument predicated upon any legal authority or any logic. It's argument predicated upon an end game as to avoid the merits of this case. And the answer is any procedural impediment we can raise such that we won't ever have to get to the merits let's give it a try. We saw that with the motion to compel arbitration. But to answer that question, there's no law for that. You know, if we had exactly different claims, they'd say what they said in the reply brief. We don't have exactly different claims. We have overlapping claims, some the same, some different. And that may evolve to be perfectly clear. As I hope my comments have made clear, I'm focused on the governance aspect of this. But what they would say is what they said in the reply brief.

THE COURT: You get to sit down now. Thanks.

MR. KRUM: Thank you.

THE COURT: Any wrap-up? You have a couple minutes, I think.

MR. TAYBACK: Your Honor, the question's damages to shareholders, not damages to this plaintiff. And that Energy Tech case out of Texas --

THE COURT: I have cases, derivative cases all the

time where the only damages being sought by the clearly adequately plaintiffs are injunctive relief.

MR. TAYBACK: It's not a question of monetary damages, it's damages that affect the shareholders.

THE COURT: I understand what you're saying. But it's --

MR. TAYBACK: And I will say that the Energy Tech case falls squarely within these kind of facts. And that's contrary to what I think was just described as the Mayer case, where that -- the proposition in the Mayer case was the fact that an individual shareholder has other litigation against a director doesn't preclude them per se from being a shareholder in a derivative case. But that didn't decide the issue as to whether a derivative case was appropriate or proper. In fact, in that case it didn't involve a terminated employee seeking his own reinstatement. That is what this case is about. That's what this case, not the T2 case, that's what this case is about. And that's why this case is different and, frankly, superfluous unnecessary to the decision of whatever issues might affect shareholders. That's for a different plaintiff on a different day that doesn't have this agenda that is singular to this plaintiff.

THE COURT: Thank you.

The motion is granted in part. It is granted as to the damages aspect, which need to be more particularly pled

for derivative purposes, as opposed to direct benefits to the plaintiff. The plaintiff has adequately alleged demand futility and interestedness.

I need to set a Rule 16 conference with you. I'm thinking of October 21st.

MR. TAYBACK: Your Honor, may I grab a calendar?

THE COURT: Hold on a second.

Is that a Wednesday, Dulce, October --

THE CLERK: Yes.

THE COURT: Oh. That's because I have the 2016 calendar out. Hold on a second.

I'm really thinking October 23rd.

MR. KRUM: Your Honor, may I put this in a broader timetable context we need to address?

THE COURT: No. Because I'm going to ask that question in a minute.

MR. KRUM: Well --

THE COURT: So I'm thinking of doing the Rule 16 conference on this Business Court case on October 23rd. Then I'm going to ask you some more questions in a minute and tell you a couple other answers you're not going to like.

MR. KRUM: Fine.

THE COURT: Okay. So, Dan, issue an order for October 23rd.

With respect to the motion to dismiss that's

scheduled for October 13th, for some reason the Clerk's Office set you on Department 29's calendar and not on my calendar. Since you're on my calendar, it's 8:30. So please be here at 8:30, and make sure your documents come to me, not to Department 29.

With respect to the manage for preliminary injunction, it's like pulling teeth dealing with you guys. What have we got to do to get you tell me what the date is that we're going to do the preliminary injunction hearing?

MR. KRUM: Your Honor, what we've -- what it is with which we're struggling is when will be able to do what we need to do, first, get the documents produced and reviewed; second, take the depositions; third, do the briefing. And we have had calls on a weekly basis with respect to this, so counsel have not been diligent. Mr. Coburn has borne the laboring oar.

THE COURT: No, you've been diligent.

MR. KRUM: Yeah. I think the answer is we should pick a date far enough out that we think we can meet it. And that's probably going to be, in my estimation, the week before Thanksgiving. I'd suggest the 19th. And the reason for that, Your Honor, is when I proposed a schedule in my motion to expedite and set the hearing the schedule contemplated documents would be produced by today, the depositions would commence 10 days or so hence, and then we'd have briefing and we'd have a hearing the first week of November. The documents

haven't been produced as to the company. I can't speak to the individuals, I think they're at least some of them well along. But as to the company there still remains a lot of work to do is what I'm told. I don't think we're going to have time to do what we need to do to have a hearing any earlier than the week before Thanksgiving.

THE COURT: Okay. Then on October 21st [sic] when we're here for the Rule 16 conference we will talk about scheduling your preliminary injunction hearing.

MR. KRUM: 23rd; right?

THE COURT: 23rd, yes. The Friday of that week.

What day is it, Dulce?

THE CLERK: The 23rd.

MR. KRUM: 23rd.

THE COURT: The day that Dan puts on the order that you get we're going to talk about scheduling your preliminary injunction hearing and where you are on the expedited discovery that I granted a month or so ago.

MR. KRUM: Thank you, Your Honor.

THE COURT: Anything else? Have a lovely day.

THE PROCEEDINGS CONCLUDED AT 9:25 A.M.

* * * * *

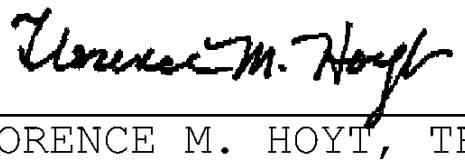
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

FLORENCE HOYT
Las Vegas, Nevada 89146



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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

MARGARET COTTER, an individual, *et al.*,

Defendants.

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

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

Related and Coordinated Cases

BUSINESS COURT

ORDER REGARDING MOTION TO DISMISS COMPLAINT

THIS MATTER HAVING COME TO BE HEARD BEFORE the Court on a Motion To Dismiss Complaint (hereinafter referred to as the "Motion") filed by Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (collectively referred to as the "Defendants") and joined in by Reading International, Inc. (hereinafter referred to as "Reading"), and it appearing that due and proper notice was given for the Motion, that a written opposition to the Motion was filed by Plaintiff James J. Cotter, Jr. (hereinafter referred to as "Plaintiff") and joined in by several Intervening Plaintiffs, that a written reply in support of the Motion was filed by the Defendants, that oral argument was presented to the Court by counsel for Defendants and Plaintiff at the time and place set for hearing of the Motion, and that good cause exists for granting a portion of the Motion,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT the Motion is granted in part and denied in part.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT the Motion is granted with respect to the requirement that Plaintiff must allege damages with more particularity for ~~derivative~~ direct purposes as opposed to ~~direct~~ derivative benefits to the Plaintiff. The Motion is otherwise denied. claims by

IT IS FINALLY ORDERED, ADJUDGED, AND DECREED THAT the Complaint filed by Plaintiff in the above-captioned proceedings is hereby dismissed without prejudice and Plaintiff shall have leave to file a first amended complaint in the above-captioned proceedings.

DATED this 15th day of October, 2015.

DISTRICT COURT JUDGE
ELIZABETH GONZALEZ

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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.

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

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

Related and Coordinated Cases

BUSINESS COURT

MOTION TO DISMISS FIRST AMENDED COMPLAINT

COMES NOW, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern, by and through their counsel of record, Cohen-Johnson, LLC and Quinn Emanuel Urquhart & Sullivan, LLP, and hereby submit this Motion to Dismiss the First Amended Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

DATED this 12th day of November, 2015.

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NOTICE OF MOTION

TO: MARK G. KRUM, LEWIS ROCA ROTHBERGER LLP, Attorneys for Plaintiff.

PLEASE TAKE NOTICE that the above Motion will be heard on the 15 day of Dec, 2015 at 8:30am in Department XI of the above designated Court or as soon thereafter as counsel can be heard.

Dated this 12th day of November, 2015.

Respectfully Submitted,

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

In this derivative suit, Plaintiff James J. Cotter, Jr. still cannot identify any injury to Reading. Plaintiff's First Amended Complaint ("FAC") continues to allege that the Reading Board of Directors breached its fiduciary duties by firing him as CEO. The FAC further sets forth a laundry list of additional, supposedly objectionable actions taken by the Board since it terminated him, including appointing new members he believes are unqualified, allowing options to be exercised with stock instead of cash, and delaying the issuance of board minutes. As set forth in detail below, none of these new allegations amount to more than an improper second-guessing of the Board's exercise of its business judgment.

Even with all his new allegations, however, Plaintiff's lengthy FAC devotes only four paragraphs to identifying any injuries that were supposedly incurred by the company. None of these alleged injuries are sufficient to support Plaintiff's asserted causes of action.

First, Plaintiff alleges that stock prices fell after the Board fired him as CEO. To the contrary, Reading's shareholders have seen double-digit gains in stock price since Plaintiff was removed as President and CEO.

Second, Plaintiff speculates about possible reputational harm to Reading resulting from his termination and the search for a replacement. But the FAC contains *not one* factual allegation about such harm beyond Plaintiff's conclusory statement that it has occurred.

Third, Plaintiff alleges that Reading was injured because shareholders were not provided with his view of the facts surrounding his termination. Yet, Plaintiff cannot identify any way in which the omitted "information" was material, and fails to allege even how shareholders would have benefited from being provided it.

Fourth, Plaintiff alleges that a $50,000 payment was made to Ellen Cotter to reimburse her, according to Plaintiff, for an error in connection with the exercise of stock options. Notably, this payment predates Plaintiff's termination by months. Moreover, Plaintiff provides no explanation whatsoever why this alleged payment, unlike any other payment made by the company to an officer or director, would injure Reading.

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Plaintiff has now had ample opportunity to identify an injury to Reading, and has failed to do so. Based on the fatal flaws in his FAC, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (the "Moving Defendants") respectfully request that the FAC be dismissed in its entirety.

II. BACKGROUND

A. Procedural History

Plaintiff filed his original Complaint on June 12, 2015, the same day he was terminated as President and CEO of Reading. As more fully described below, the original Complaint purported to bring both direct and derivative claims relating to this termination, with Plaintiff primarily seeking his own reinstatement.

On or about August 10, 2015, Reading filed a motion to compel arbitration of the dispute between Plaintiff and the company relating to his termination. Reading noted that Plaintiff's employment with the company was governed by an Employment Agreement pursuant to which any disputes regarding Plaintiff's employment are subject to arbitration. *See* Reading's Motion to Compel Arbitration at 3. Plaintiff opposed this motion, emphasizing the purportedly derivative nature of his claims and that they were based on alleged breaches of fiduciary duty by Reading's directors. *See* Plaintiff's Opposition to Reading's Motion to Compel Arbitration at 8-9. In his opposition—and many times since—Plaintiff has abandoned any individual, direct claims and purported to bring this action purely on behalf of Reading shareholders. *See id.*

Also on August 10, 2015, Moving Defendants moved to dismiss Plaintiff's Complaint based on his failure to sufficiently allege damages, failure to plead demand futility with particularity, and the inadequacy of James Cotter, Jr. as a representative of all Reading's shareholders. *See* Moving Defendants' Motion to Dismiss at 7-17. Plaintiff opposed this Motion, taking the position that despite his strong familial ties to Reading and his role as an ousted employee seeking to regain his role as CEO, he could fairly represent the interests of Reading shareholders in this dispute. *See* Plaintiff's Opposition to Moving Defendants' Motion to Dismiss at 18-26. The Court granted the Motion to Dismiss in part, finding that Plaintiff had not

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sufficiently alleged damages resulting from his termination to Reading, as opposed to injury to him personally.

On October 22, 2015, Plaintiff filed a First Amended Complaint seeking to cure this defect and adding myriad allegations about conduct supposedly occurring after his termination. Despite the prior dismissal, Plaintiff continues to emphasize the impact his termination had on him personally. He complains in the FAC that, after he was fired, he was denied access to his Reading email account; he was denied access to Reading's offices; he was purportedly the intended target of a new corporate policy regarding insider trading; he was unable to sell his Reading shares; he was asked to resign from Reading's Board; and his company-provided insurance was terminated. FAC, ¶¶ 116-18, 128-29. These grievances are, on their face, not of a derivative nature.

B. Facts as Alleged in First Amended Complaint[1]

1. Reading International

Reading International is a Nevada corporation principally engaged in the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. FAC., ¶ 25. Reading's Board of Directors appointed Plaintiff James Cotter, Jr. as President of Reading on June 1, 2013, and as CEO on August 7, 2014, after his father retired from the position due to health reasons. *Id.*, ¶¶ 17, 27. Plaintiff claims to be a holder of non-voting shares of Reading stock and also claims to be a co-trustee of a trust which owns a large number of both voting and non-voting shares of Reading stock. *Id.*, ¶ 17. Plaintiff was, as of the time of his termination, one of eight members of Reading's Board of Directors. *Id.*

Besides Plaintiff, the seven remaining members of Reading's Board of Directors at the time of his termination were: (1) Margaret Cotter, Plaintiff's sister, who has served as a director since 2002 and runs Reading's live theater division, manages certain live theater real estate, and has been responsible for pre-development work on Reading's Manhattan theater properties; (2) Ellen

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[1] Nearly all of the allegations and insinuations in the FAC are false. However, solely for the purpose of this Motion and as required by Nevada law, Plaintiff's baseless allegations are accepted as pleaded and summarized herein. *See Pemberton v. Farmers Ins. Exch.*, 109 Nev. 789, 792 (1993).

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Cotter, Plaintiff's sister, who has served as a director since March 2013, been a Reading employee since 1998, and runs the day-to-day operations of Reading's domestic cinema operations; (3) Edward Kane ("Kane"), who has served as a director since October 2004[2] (and before that from 1985-1998) and serves as Chair of the Tax Oversight Committee and the Compensation and Stock Option Committee; (4) Guy Adams ("Adams"), who has served as a director since January 2014 and is a registered investment advisor and experienced independent director on public company boards; (5) Douglas McEachern ("McEachern"), who has served as a director since May 2012 and was an audit partner of Deloitte & Touche from 1985-2009; (6) Timothy Storey ("Storey"), who has served as a director since December 2011; and (7) William Gould ("Gould"), who has served as a director since October 2004. *See* FAC., ¶¶ 18-24; Ex. A attached hereto (Form 10-K/A Amendment No. 1 filed by Reading International, Inc.) at 1-3 (providing biographies of each director and a breakdown of their committee memberships).

2. Termination of Plaintiff's Employment and Position as President and CEO

According to the allegations in the FAC, beginning in late 2014, tensions began to rise between Plaintiff and the other Reading directors, including his siblings Ellen and Margaret Cotter. FAC, ¶¶ 44-46. Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, were engaged in trust and estate litigation initiated after the death of their father in September 2014. *Id.*, ¶¶ 31-32. In recognition of these boardroom and familial tensions, in January 2015 the Reading Board of Directors approved a measure providing that none of Plaintiff, Ellen Cotter, or Margaret Cotter could be terminated from their employment without the approval of a majority of the non-Cotter-family directors. *Id.*, ¶ 51. Plaintiff, Ellen Cotter, and Margaret Cotter abstained from voting on this measure. *Id.* According to the FAC, in March 2015 the non-Cotter members of the Board appointed an independent committee consisting of directors Storey and Gould to work on behalf of the Board directly with Plaintiff in his role as CEO, as the full Board and Plaintiff had been struggling to work productively with Plaintiff. *Id.*, ¶¶ 59-60.

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[2] The FAC erroneously states that Mr. Kane has served on the Board since October 2009.

Despite these months-long efforts to address and alleviate the ongoing conflicts between Plaintiff and the company's other directors, these issues could not be effectively resolved. Accordingly, at a May 21, 2015, meeting of the full Board of Directors, Plaintiff's continuing role as President and CEO was put on the agenda as a discussion item. *Id.*, ¶ 86. Corporate counsel for Reading was present at this May 21 meeting. *Id.*, ¶ 89. At this meeting, the Board invited Plaintiff to discuss his performance as CEO so that the Board could fully evaluate his role. *Id.*, ¶ 93. Plaintiff unilaterally declined to participate in any such discussion and complained about the lack of process surrounding his termination. *Id.* Despite Plaintiff's failure to honor the Board's request or engage in any discussions about his performance as Reading's President and CEO, the Board determined that no final decision would be made about Plaintiff's employment at the May 21 meeting and that additional time would be taken to consider the matter. *Id.*, ¶ 94. The Board agreed to reconvene on May 29, 2015, for further consideration of the issue. *Id.*

At the May 29 meeting, Adams made a motion to terminate Plaintiff as Reading's President and CEO. *Id.*, ¶ 101. The Board engaged in extensive discussions about this motion both in and outside the presence of Plaintiff. *Id.*, ¶¶ 102-05. Ultimately, Plaintiff was not terminated on May 29, and the Board adjourned, again allowing for additional time for evaluation and assessment of the issues at hand by Plaintiff and the Board. *Id.*, ¶¶ 106-07.

The Board reconvened on June 12, 2015, to address Plaintiff's potential termination. *Id.*, ¶ 113. At this meeting—the third time Reading's Board of Directors met to evaluate Plaintiff's continued employment—the Board ultimately voted to terminate Plaintiff. Ellen and Margaret Cotter, Kane, Adams, and McEachern (each of the Moving Defendants) all voted in favor of termination. *Id.* Storey and Gould voted against termination. *Id.* Plaintiff was therefore, according to his own allegations, terminated based on a majority vote of the full Board **and**, as required by prior Board resolution, a majority vote of the non-Cotter directors. After Plaintiff's termination, Ellen Cotter was appointed interim CEO and President of Reading. *Id.* On the day of Plaintiff's termination, Reading's share price closed at $13.88. Today, the price is $15.45. Ex. C attached hereto at 1, 4 (listing historical share prices of RDI shares).

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3. The FAC's New Allegations of Conduct Since Plaintiff's Termination

Whether as the basis for purported claims for breach of fiduciary duty or simply to provide his perspective regarding the current state of affairs at the company, Plaintiff includes in the FAC numerous allegations about conduct of Reading's Board of Directors that has supposedly taken place since his termination. These allegations fall broadly into the following categories:

- **Adverse actions against Plaintiff.** Plaintiff alleges that, since his termination, he has been denied access to Reading's offices; had his Reading email address deactivated; had his Reading-provided insurance terminated; had his personal ability to exercise stock options impaired; and been asked to resign from the Board. *See* FAC, ¶¶ 116-118, 128-129.

- **Withholding and manipulating Board minutes and materials.** Moving Defendants have allegedly "created and/or approved fictional Board minutes" and delayed the distribution of Board minutes, agendas, and materials. FAC, ¶¶ 8, 121. The FAC does not identify any particular Board minutes or materials that have been delayed, withheld, or fictionalized.

- **Use of an Executive Committee.** Moving Defendants have allegedly seized full control of Reading through the use of an Executive Committee consisting of Ellen Cotter, Margaret Cotter, Kane, and Adams. *See* FAC, ¶¶ 9, 119-120. Plaintiff was Chairman of the Executive Committee prior to his termination. Ex. A at 5. The FAC does not identify any particular improper actions allegedly taken by the Executive Committee. Both Reading's bylaws and Nevada law explicitly authorize the formation of board committees to manage affairs of a company. *See* Nev. Rev. Stat. § 78.125(1) ("[T]he board of directors may designate one or more committees which, to the extent provided in the resolution or resolutions or in the bylaws of the corporation, have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation."); Ex. B attached hereto at 6 (Reading's Amended and Restated Bylaws).

- **Exercise of stock options by Ellen and Margaret Cotter.** Ellen and Margaret Cotter, allegedly with the approval of a Compensation Committee vote by Kane and Adams, exercised an option held by the Estate of James Cotter, Sr. to acquire 100,000 shares of Reading Class B voting stock. *See* FAC, ¶¶ 10, 123-127, 132. Ellen and Margaret Cotter were allegedly

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improperly permitted to use Reading Class A stock to effect this transaction, and Plaintiff claims that Reading "received no benefit from receiving class A stock (rather than cash)." *Id.*, ¶ 10. Reading Class A stock currently trades at $15.45. Ex. C at 1.

- **Addition of new Board members**. Moving Defendants have allegedly proposed and/or approved the addition of two new members to Reading's Board who have personal ties to members of the Cotter family. *See* FAC, ¶¶ 12-15, 146-160.

- **Fraudulent statements**. Certain of Moving Defendants—it is not specified which—have allegedly caused Reading to make materially misleading statements and omissions in SEC filings, press releases, and its proxy statement. *See* FAC, ¶¶ 16, 122, 134-145, 161. Plaintiffs does not identify any shareholders who purchased shares based on the statements, or how the statements would have affected a purchaser.

- **Executive search**. Ellen Cotter has allegedly been empowered to control the search for a permanent CEO. *See* FAC, ¶ 114. Plaintiff expects that Ms. Cotter "will select a [search] firm and direct it to present candidates who she can be assured will possess unwavering fealty to EC and MC, without regard to the interests of RDI and its other shareholders." *Id.* Plaintiff also alleges that the search for an executive with extensive experience in New York real estate has been terminated "as a practical matter." *Id.*, ¶ 115. Plaintiff's FAC does not identify any suitable candidates, other than himself, for either of these positions.

III. LEGAL STANDARD

Nevada Rule of Civil Procedure ("NRCP") 12(b)(5) provides for the dismissal of a claim when a party has failed to state a claim upon which relief can be granted. On a motion to dismiss, the trial court "is to determine whether or not the challenged pleading sets forth allegations sufficient to make out the elements of a right to relief." *Pemberton,* 109 Nev. at 792 (internal quotations omitted). A complaint should be dismissed if it appears beyond a doubt that a plaintiff can prove no set of facts that would entitle a plaintiff to relief. *See Buzz Stew, LLC, v. City of N. Las Vegas*, 181 P.3d 670, 672 (Nev. 2008).

To survive a motion to dismiss, a claim must be pleaded showing a party's entitlement to relief. This "requires more than labels and conclusions, and a formulaic recitation of a cause of

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action's elements will not do." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).[3] Bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss. *See G.K. Las Vegas Ltd. P'ship v. Simon Prop. Grp., Inc.*, 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006); *see also Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001) *opinion amended on denial of reh'g*, 275 F.3d 1187 (9th Cir. 2001); *Huck v. Countrywide Home Loans, Inc.*, No. 3:09-CV-553 JCM VPC, 2011 WL 3274041, at *1 (D. Nev. July 29, 2011).

IV. ARGUMENT

A. The First Amended Complaint Again Fails to Sufficiently Allege Damages to Reading, as Opposed to Plaintiff Personally

Plaintiff's original Complaint was dismissed because it failed to sufficiently allege damage to Reading or any of its stockholders (besides Plaintiff himself) proximately caused by Plaintiff's termination. In an effort to cure this fatal deficiency, Plaintiff now claims four categories of damage to Reading: monetary damages from a decrease in stock price (FAC, ¶ 162); damages to Reading's reputation and goodwill (*id.*, ¶ 163); loss of shareholder rights (*id.*, ¶ 164); and money damages from an allegedly improper payment to Ellen Cotter (*id.*, ¶ 165). These allegations are inadequate as a matter of law and fail to show that anyone but Plaintiff has been harmed by his firing. *See Bd. of Managers of Foundry at Wash. Park Condo. v. Foundry Dev. Co., Inc.*, No. 4484/2010, 2013 WL 4615000, at *2-3 (N.Y. Sup. Ct. Aug. 23 2013) (granting motion to dismiss breach of fiduciary duty claim where allegations failed to make a connection of harm to nominal defendant in derivative action); *Stafford v. Reiner*, 804 N.Y.S.2d 114, 114-15 (N.Y. App. Div. 2005) ("[E]ven accepting as true the facts alleged in the complaint and affording [plaintiff] the benefit of every possible favorable inference, [plaintiff's] claim that the defendants' breach of

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[3] Nevada courts often look to interpretations of analogous federal rules as persuasive authority. *Exec. Mgmt., Ltd. v. Ticor Title Ins. Co.*, 118 Nev. 46, 53 (2002) ("Federal cases interpreting the Federal Rules of Civil Procedure are strong persuasive authority, because the Nevada Rules of Civil Procedure are based in large part upon their federal counterparts.") (internal quotations omitted).

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fiduciary duty and/or negligence was a proximate cause of the [alleged damages] remains entirely speculative and finds no support in the record.") (citations omitted).

1. Reading's Share Price Has Increased Dramatically Since Plaintiff's Termination

Plaintiff claims that Reading's share price has "dropped" based on his termination and related conduct. *Id.*, ¶ 162. This is simply untrue. **Reading's share price today is nearly 14% above the price on the day of Plaintiff's termination** and has outperformed each of the major indices by more than 10% over that same time period.[4] Plaintiff cannot plausibly contend that shareholder value has suffered when the stock price has actually increased.

There have, of course, been interim fluctuations in Reading's share price over the last several months – stock prices shift all the time. These fluctuations could be due to any number of economic and market factors, such as the crash of the Chinese stock market, which began on the same day as Plaintiff's termination.[5] There is no reasonable basis for Plaintiff's unsupported conclusion that these fluctuations show damages to Reading, particularly given the stock's overwhelmingly positive performance since he was fired.

2. Plaintiff Speculates About Potential Future Reputational Damage to Reading But Does Not Allege Any Actual Injury

Plaintiff claims defendants' conduct has caused injury to Reading's "reputation and goodwill" and lists various potential future consequences of such injury, including a diminished ability to retain top executives, increased costs, and lower stock value to investors. FAC, ¶ 163. Notably absent from the FAC, though, is a single factual allegation relating to any supposed reputational harm that has *actually occurred*. The FAC's damages allegations are based on Plaintiff's speculation about what *might* occur if his conjecture about harm to Reading's goodwill is true. These conclusory statements about possible future damages lack any factual support in the

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[4] Ex. D attached hereto at 1.

[5] *See, e.g.*, Keith Bradsher & Chris Buckley, *China's Market Rout Is a Double Threat*, New York Times, July 5, 2015, retrieved from http://www.nytimes.com/2015/07/06/business/international/chinas-market-rout-is-a-double-threat.html?_r=0 ("About $2.7 trillion in value has evaporated since the Chinese stock market peaked on June 12.").

FAC and are not a proper basis for this derivative action. *See Huck*, 2011 WL 3274041, at *1 (bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss); *see also Twombly*, 550 U.S. at 556-57.

3. Allegations Regarding Loss of Shareholder Rights Go to the Existence of a Breach, Not the Resulting Injury

Plaintiff alleges that Reading has suffered damages proximately caused by defendants' conduct because its shareholders have effectively lost certain rights, including "the right not to be misled," "the right to rely on timely and accurate SEC filings," and "the right to have elections for directors that are not manipulated and not rigged." FAC, ¶ 164. Here, Plaintiff simply conflates the FAC's alleged breaches of fiduciary duty (*e.g.*, untimely SEC filings) with the supposed resulting damages (*e.g.*, loss of the right to timely SEC filings). This circular reasoning effectively eliminates the required separate damages element of a claim for breach of fiduciary duty. *See Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008) (A claim for breach of fiduciary duty requires a plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused the damages.") (applying Nevada law).

In order to state a derivative claim for breach of fiduciary duty based on allegedly improper disclosures, **Plaintiff must explain how Reading was harmed**; simply repeating the allegations that a breach occurred is not enough. *See O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 916-917 (Del. Ch. 1999) (a claim for breach of duty of disclosure must "plead causation and identify actual quantifiable damages in order to survive a motion to dismiss"). Further, even if certain shareholders were somehow damaged (as opposed to the company itself), such damage would only properly be the subject of a direct claim rather than a derivative action. *See Lapidus v. Hecht*, 232 F.3d 679, 683 (9th Cir. 2000) (allegations that assert an injury to contractual rights of stockholders, such as the right to vote, make a direct claim) *citing*, *inter alia, Sarin v. Ochsner,* 48 Mass. App. Ct. 421, 721 N.E.2d 932, 934 (Mass. App. Ct. 2000) (applying Delaware law to determine whether claims were direct or derivative).

4. The FAC Alleges a $50,000 Payment to Ellen Cotter But Fails to State a Claim for Any Associated Breach of Fiduciary Duty

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Plaintiff claims defendants' conduct "has literally cost RDI money, meaning has caused monetary damages to RDI," citing one supposedly improper transaction: a $50,000 "bonus" paid to Ellen Cotter "on account of a supposed error by the Company in connection with the issuance of RDI stock options EC had exercised in 2013." FAC, ¶¶ 40, 165. But corporations make payments to officers all the time, even in the form of bonus payments. This particular one was made while Plaintiff was still Reading's President and CEO. To show an injury to the corporation from this allegedly improper payment, the FAC must allege it is a "rare, 'unconscionable case where directors irrationally squander[ed] or [gave] away corporate assets[]'" under circumstances "so one sided that no business person of ordinary, sound judgment could conclude that" the transaction was acceptable. *See In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 74 (Del. 2006). These allegations are absent from the FAC.

Indeed, despite being listed as an "injury" to shareholders, the FAC does not even sufficiently allege a basic breach of fiduciary duty relating to this payment. The $50,000 is mentioned only twice, in passing, and is not specifically cited in any of the FAC's three causes of action. FAC, ¶¶ 40, 65. Plaintiff has not made a demand on Reading's Board with respect to this payment or alleged that pre-suit demand would be futile in connection with an action to recoup these funds. (Plaintiff's only demand futility allegations relate to his termination). The FAC does not allege which Board members (if any) voted in favor of this payment, whether Plaintiff (as a Board member or as CEO) supported or opposed this payment, the nature of the "supposed error" at issue, or why this payment was not proper. The FAC offers no allegations as to why such payment to Ellen Cotter does not fall squarely within the protections of the business judgment rule. *See* Nev. Rev. Stat. § 78.138(7) (a director is not individually liable for a breach of fiduciary duty unless it is proven that the breach involved "intentional misconduct, fraud or a knowing violation of the law"). If Plaintiff seeks to recoup $50,000 for Reading shareholders based on a single payment to Ellen Cotter, he needs to appropriately plead that claim.

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B. **The Purported Wrongdoing Alleged in the First Amended Complaint Does Not Constitute a Breach of Fiduciary Duty**

Plaintiff's failure to plead injury to Reading with particularity is dispositive of each of his causes of action for breach of fiduciary duty, which requires damages as an essential element. *See Brown*, 531 F. Supp. 2d at 1245. Putting aside this fatal flaw in his claims, however, Plaintiff's FAC has also failed to sufficiently allege any breach of a fiduciary duty. The FAC, while still largely focused on Plaintiff's own termination, contains numerous allegations regarding actions taken or decisions made by Reading's Board since his termination that Plaintiff does not like. This laundry list of grievances includes:

(a) eliminating Plaintiff's access to a Reading email account, Reading's offices, and Reading medical insurance after his termination;

(b) preventing Plaintiff from selling Reading shares;

(c) asking Plaintiff to resign from Reading's Board;

(d) Reading's new insider trading policy;

(e) allegedly untimely Board minutes and materials;

(f) allegedly inaccurate Board minutes and materials;

(g) the role of the Executive Committee;

(h) Reading's search for a permanent CEO;

(i) Reading's search for an executive with real estate experience;

(j) allegedly misleading public statements;

(k) allegedly untimely public disclosures;

(l) Cotter family stock option exercises;

(m) Storey's resignation from Reading's Board; and

(n) the addition of new members to Reading's Board.

See, e.g., FAC, ¶¶ 8-10, 12-17, 114-22, 127-33, 137-38, 143-44, 148-50, 154-58, 160-61, 164. It is unclear if Plaintiff intends each of these various complaints to constitute separate claims for breach of fiduciary duty. As with the original Complaint, Plaintiff's own termination is the only supposed wrongdoing specifically referenced in any of the FAC's three causes of action. *See* FAC,

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¶¶ 174, 185-87. Similarly, though he makes general reference to his other allegations, Plaintiff's termination is the only alleged Board wrongdoing specifically cited in the FAC's "Irreparable Harm" and demand futility sections. *See* FAC, ¶¶ 166, 168, 192. However, to the extent Plaintiff intends to state distinct claims for breach of fiduciary duty based on these items, each such claim fails as a matter of law. Though Plaintiff clearly disagrees with numerous decisions made by the Board, this does not give him license to ignore the presumptions of the business judgment rule and second-guess the Board's every move in court. *See Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1181 (Nev. 2006) ("[E]ven a bad decision is generally protected by the business judgment rule's presumption that the directors acted in good faith, with knowledge of the pertinent information, and with an honest belief that the action would serve the corporation's interests."); *Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 360 (Del. 1993), *decision modified on reargument*, 636 A.2d 956 (Del. 1994) ("The [business judgment] rule operates to preclude a court from imposing itself unreasonably on the business and affairs of a corporation.").

1. Plaintiff Seeks to Improperly Convert Personal Grievances to Derivative Claims

Many of the FAC's allegations are simply an opportunity for Plaintiff to air his personal grievances and have nothing to do with the broader group of stockholders he purports to represent. For example, Plaintiff complains about a Reading insider trading policy that he believes was specifically targeted to impact his personal ability to sell company shares: "Plaintiff is informed and believes that this supposed [insider trading] policy was created to impair his ability to generate liquidity through the sale of or borrowing against RDI stock, the principal source of Plaintiff's net worth." FAC, ¶ 117. Even taking Plaintiff's allegations at face value, this has no impact on any other Reading shareholder. The same is true of the FAC's allegations that, since his termination, Plaintiff has been asked to resign from the Board and has lost access to company email, health and medical benefits, and office facilities. *See id.*, ¶¶ 116, 118. Plaintiff's personal issues with the company are not appropriate fodder for a derivative claim.

2. The FAC Does Not Plead Allegations of Fraudulent Misrepresentations with the Required Specificity

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The FAC alleges that some or all of the Moving Defendants breached their fiduciary duties by making fraudulent misrepresentations or omissions in SEC filings, a press release, and the 2015 Proxy Statement. To state a claim for breach of fiduciary duty based on fraud, Plaintiff must plead such claims with specificity, including "averments to the time, the place, the identity of the parties involved, and the nature of the fraud." *Rocker v. KPMG LLP*, 148 P.3d 703, 708 (Nev. 2006), *abrogated on other grounds by Buzz Stew*, 181 P.3d at 672 n.6; *see also In re Amerco Derivative Litig.*, 252 P.3d 681, 700 (Nev. 2011) ("Because appellants' claims of breach of the fiduciary duty are, in this instance, allegations of fraud committed by respondent officers and directors, for those causes of action, appellants must satisfy the heightened pleading requirement of NRCP 9(b)."); *Vess v. Ciba-Geigy Corp. USA,* 317 F.3d 1097, 1106-08 (9th Cir. 2003) (affirming dismissal of claims under [Federal Rule of Civil Procedure] 9(b) and noting that "[a]verments of fraud must be accompanied by the who, what, when, where, and how of the misconduct charged") (internal quotations omitted). Plaintiff's allegations of fraud do not come close to meeting this standard.

Plaintiff alleges that Reading's October 20 Proxy Statement is materially misleading and cites various supposedly misleading or inaccurate statements therein. *See* FAC, ¶ 161. Yet the FAC does not allege which defendant or defendants supposedly made these statements. *See Snyder v. U.S. Bank, N.A.*, No. 2:14-CV-01697-MMD-PA, 2015 WL 3400512, at *3 (D. Nev. May 27, 2015) ("[W]hen a fraud suit involves multiple defendants [Federal Rule of Civil Procedure] 9(b) does not allow a complaint to merely lump [the] defendants together but requires plaintiffs to differentiate their allegations ... and inform each defendant separately of the allegations surrounding his alleged participation in the fraud.") (citation and internal quotation marks omitted). Nor does the FAC offer any non-conclusory explanation as to why numerous of these statements are false. *See Vess,* 317 F.3d at 1106 (9th Cir. 2003) ("[A] plaintiff must set forth *more* than the neutral facts necessary to identify the transaction. The plaintiff must set forth what is false or misleading about a statement, and why it is false.") (italics in original and citation omitted). For many of the supposedly fraudulent statements, the FAC offers no explanation whatsoever as to the basis of their falsity. *See* FAC, ¶ 161(a)-(c). Where the FAC does include some explanation, it consists of nothing more than Plaintiff's speculation.

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For example, unspecified defendants supposedly engaged in fraud by claiming in the Proxy Statement that "EC has been appointed as interim President and CEO and that the Board has established an Executive Search Committee comprised of EC, MC, Adams, Gould and McEachern" which "will consider both internal and external candidates." FAC, ¶ 161(d). This statement is "materially misleading if not inaccurate" according to the FAC because "Plaintiff is informed and believes that the undisclosed plan is to make EC President and CEO after conducting a search the purpose of which is to create the misimpression of a bona fide process[.]" *Id.* Plaintiff cannot satisfy the heightened pleading standards of Rule 9(b) though conjecture about what he suspects some unidentified defendants' secret motivations might be. *See Seibert v. Harper & Row, Publishers, Inc.*, No. CIV. A. 6639, 1984 WL 21874, at *6 (Del. Ch. Dec. 5, 1984) ("Proxy materials are only required to disclose all germane *facts*. They need not include opinions or possibilities, legal theories or plaintiff's characterization of the facts."); *In re John Q. Hammons Hotels Inc. S'holder Litig.*, No. CIV. A. 758-CC, 2009 WL 3165613, at *15 (Del. Ch. Oct. 2, 2009) (plaintiffs did not state a claim based on defendants' failure to disclose in proxy materials the "subservient, deferential approach adopted by the Special Committee" because defendants were not required to disclose their "characterization of the special committee process" or engage in self-flagellation).

The FAC's allegations regarding other statements by the company follow a similar pattern. Plaintiff's claims about supposed fraud in Reading press releases and SEC filings fail to identify the responsible defendant, do not explain why the statement or omission was misleading, do not support the conclusory claim of materiality,[6] do not allege how defendants supposedly benefitted

[6] "An omitted fact is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote. . . . It does not require proof of a substantial likelihood that disclosure of the omitted fact would have caused the reasonable investor to change his vote. What the standard does contemplate is a showing of a substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable shareholder. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available." *TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976).

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from these statements, and do not identify any damage resulting from the supposedly false statements. *See In re Amerco*, 252 P.3d at 701 (affirming dismissal of breach of fiduciary duty claim where plaintiffs "offered no explanation as to why or how [defendants] personally benefited"); *Pfeffer v. Redstone*, 965 A.2d 676, 685 (Del. 2009) ("To state a claim for breach of the fiduciary duty of disclosure on the basis of a false statement or representation, a plaintiff must identify (1) a material statement or representation in a communication contemplating stockholder action (2) that is false."); *In re Ebix, Inc. Stockholder Litig.*, No. CIV.A. 8526-VCN, 2014 WL 3696655, at *24 (Del. Ch. July 24, 2014) ("[A] stockholder plaintiff seeking compensatory damages for a material misstatement or omission must allege 'some reasonable relationship between the alleged disclosure claims and harm suffered . . . individually by the shareholders.'"). Plaintiff cannot base a claim for breach of fiduciary duty on allegations that Reading's public disclosures were not written to his liking. *See In re Amerco*, 252 P.2d at 701 ("[S]imply alleging that the public filings did not contain enough information . . . does not demonstrate that respondents engaged in intentional misconduct or fraud."); *Backman v. Polaroid Corp.*, 910 F.2d 10, 16 (1st Cir. 1990) ("revealing one fact" does not mean that "one must reveal all others that, too, would be interesting, market-wise, but means only such others, if any, that are needed so that what was revealed would not be so incomplete as to mislead") (internal quotations omitted); *Khanna v. McMinn*, No. CIV.A. 20545-NC, 2006 WL 1388744, at *32 (Del. Ch. May 9, 2006) (holding that the plaintiffs' claim that the "real reasons" behind the termination of one of the plaintiffs should have been disclosed would require that the board "engage in classic 'self-flagellation'" because it would "constitute admissions of wrongdoing, which the Defendants contest, before a final adjudication on the merits").

3. The FAC's Allegations About Reading's Executive Search Are Pure Speculation

Plaintiff's complaints about Reading's search for a permanent CEO are typical of the non-fraud allegations added to the FAC. Plaintiff alleges that "EC has been empowered to select the search firm to conduct a search for a supposed new CEO" and "[w]ith such unfettered power, she will select a firm and direct it to present candidates who she can be assured will possess

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unwavering fealty to EC and MC, without regard to the interests of RDI and its other shareholders, if she allows it to proceed at all opting instead to remain CEO." FAC, ¶ 114. This allegation is plainly insufficient to state a claim for breach of fiduciary duty. Plaintiff does not allege that Ellen Cotter (or any defendant) has actually breached a fiduciary duty with respect to the CEO search, but rather that she *could* breach her duty and Plaintiff expects she *might* do so. Plaintiff cannot state a claim for breach of fiduciary duty based on what he suspects Ellen Cotter might do in the future. *See Atlantis Info. Tech., GmbH v. CA, Inc.*, 485 F. Supp. 2d 224, 234 (E.D.N.Y. 2007) ("[T]he Plaintiff may not plead a speculative claim that did not exist at the time of the filing of the complaint and as of the present time, still does not exist.").

4. Plaintiff Improperly Speculates About the Loyalties of Two New Board Nominees Based Purely on the Fact That They Are Friendly With Members of the Cotter Family

The FAC contains no factual allegations—as opposed to Plaintiff's own conclusions—supporting the claim that Moving Defendants breached their fiduciary duties by nominating Judy Codding and Michael Wrotniak to the Board. Plaintiff alleges that Ms. Codding is a "long-standing friend" of his mother and that he is "informed and believes that Ms. Codding was selected because she is expected to be loyal to EC and MC." FAC, ¶ 12. Plaintiff offers no factual basis for this belief. The same is true of the FAC's allegations with respect to Mr. Wrotniak: "Plaintiff is informed and believes that Wrotniak was chosen because MC and EC expect him to be loyal to them." *Id.*, ¶ 14. This unfounded belief is based entirely on the fact that, according to the FAC, "Wrotniak is the husband of MC's best friend." *Id.*, ¶ 157.

Plaintiff's baseless speculation about the potential future loyalties of Reading Board nominees derives entirely from what he alleges to be preexisting relationships with members of the Cotter family. Such preexisting relationships are common in the context of corporate boards and are not disqualifying, nor do they demonstrate a breach of fiduciary duty by either the nominating directors or the nominees themselves. *See In re W. Nat. Corp. Shareholders Litigation*, No. 15927, 2000 WL 710192, at *15-16 (Del. Ch. May 22, 2000) (holding that nomination of directors "known and trusted" to key stakeholders was not improper; "Directors must be nominated and elected to the board in one fashion or another. The fact that a company's executive chairman

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or a large shareholder played some role in the nomination process should not, without additional evidence, automatically foreclose a director's potential independence."); *see also La. Mun. Police Emps. Ret. Sys. v. Wynn*, No. 2:12-CV-509 JCM GWF, 2014 WL 994616, *5-7 (D. Nev. March 13, 2014) ("lengthy personal and business relationships between board members" and the defendant who allegedly dominated the board of directors, including decades-long friendships, political contributions, a threat against an opponent in an election, a million dollar charitable contribution, and outside business relationships did not rebut presumption of independence); *Beam ex rel. Martha Stewart Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1051 (Del. 2004) ("Allegations that Stewart and the other directors moved in the same social circles, attended the same weddings, developed business relationships before joining the board, and described each other as 'friends,' even when coupled with Stewart's 94% voting power, are insufficient, without more, to rebut the presumption of independence.").

5. Plaintiffs Seeks to Convert a Trust and Estate Dispute With His Sisters to a Derivative Claim by Complaining About the Estate's Exercise of Stock Options

The FAC alleges that on September 17, 2015, "EC and MC acted to exercise an option held by the Estate, of which they are executors, to acquire 100,000 shares of RDI class B voting stock." *See* FAC, ¶ 10. The FAC further alleges that Reading's Compensation Committee authorized Ellen and Margaret Cotter, acting on behalf of the Estate of James Cotter, Sr., to exercise the option using Reading Class A shares. *See id.* This dispute over control of the Estate and its assets is not the proper subject of a derivative claim; Plaintiff can seek to invalidate this exercise in the ongoing trust and estate litigation, but it is not a breach of fiduciary duty.

The only supposed basis for "breach" Plaintiff alleges in connection with this option exercise is that Kane and Adams, as members of the Compensation Committee, authorized the use of Class A stock instead of cash. *See id.*, ¶ 10. To the extent the FAC seeks to characterize this as a claim for corporate waste, Plaintiff's allegations do not meet the exceedingly high standard required for such a claim, *i.e.*, "an exchange that is so one sided that no business person of ordinary, sound judgment could conclude that the corporation has received adequate consideration." *Brehm v. Eisner*, 746 A.2d 244, 263 (Del. 2000); *see also In re Walt Disney*, 906 A.2d at 74 ("A claim of

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waste will arise only in the rare, unconscionable case where directors irrationally squander or give away corporate assets. This onerous standard for waste is a corollary of the proposition that where business judgment presumptions are applicable, the board's decision will be upheld unless it cannot be attributed to any rational business purpose.") (internal citations and quotation marks omitted). Indeed, since the value of Reading Class A shares has increased more than 20% since Plaintiff alleges Kane and Adams voted to authorize this transaction, it appears to have been a savvy business decision, earning far more value for Reading than a cash payment would have.[7]

6. The FAC Fails to Identify a Single Improper Set of Board Meeting Minutes

Plaintiff alleges that, since his termination, Board meeting minutes have been delayed and misleading, but the FAC does not identify a single set of improper minutes. *See* FAC, ¶¶ 8, 121. This does not satisfy even the most basic pleading standard. *See In re Sony Grand Wega KDF-E A10/A20 Series Rear Projection HDTV Television Litig.*, 758 F. Supp. 2d 1077, 1093-94 (S.D. Cal. 2010) (dismissing false advertising claim because "[w]hether governed by Rule 9(b) or Rule 8's more lax pleading standards, Plaintiffs' failure to identify specific advertisements does not provide . . . adequate notice of its alleged violations[.]").

7. The FAC Fails to Identify Any Improper Action Taken by the Executive Committee

The FAC repeatedly cites the Executive Committee as an example of Board misconduct and even seeks an injunction relating to that committee (*see* FAC, ¶¶ 9, 11, 119-20). However, the only factual allegation relating to the Executive Committee's conduct is that it approved a Board nominee whose nomination was ultimately withdrawn—there is no allegation of any actual breach or resulting damages. *See* FAC, ¶ 11; *see also In re Resorts Int'l S'holders Litig. Appeals*, 570 A.2d 259, 266-67 (Del. 1990) (affirming that business judgment rule applied to challenged actions of special committee).

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[7] *See* FAC, ¶ 132 (authorization vote occurred on September 21, 2015); Ex. C at 1-2 (September 21, 2015 share price: $12.54; November 12, 2015 share price: $15.45; 23.2% increase).

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8. Plaintiff Has Not Even Pled a Breach of Fiduciary Duty With Respect to His Own Termination

Plaintiff fails to identify how his own firing was a breach of Moving Defendants' fiduciary duty to Reading. Plaintiff alleges that Moving Defendants improperly considered the ongoing animosity between the Cotters as a factor in deciding to vote in favor of his termination. *See* FAC, ¶¶ 2-4. The fact that a company's CEO cannot work well with its directors is a valid basis for terminating the executive and is a decision protected by the business judgment rule. *See In re Walt Disney*, 906 A.2d at 69-73 (holding that termination of President because CEO could not "work well" with President was within the protection of the business judgment rule and was not a breach of fiduciary duties); *see also Carlson v. Hallinan*, 925 A.2d 506, 540 (Del. Ch. 2006), *opinion clarified*, No. CIV. A. 19466, 2006 WL 1510759 (Del. Ch. May 22, 2006) ("The decision to remove an officer is a business judgment to which the presumptions of the business judgment rule attach absent gross negligence or proof that the action was not taken in an honest attempt to foster the corporation's welfare.").

C. **Plaintiff Has Not Attempted to Allege Demand Futility with Respect to Any Board Conduct Except for His Own Termination, and His Allegations Do Not Address the New Board Members**

As discussed extensively in connection with Moving Defendants' Motion to Dismiss Plaintiff's original Complaint, a derivative plaintiff must either make a pre-suit demand on a company's board of directors to remedy the conduct at issue or plead **with particularity** why such demand would be futile. *See* Nev. Rev. Stat. § 41.520(2); NRCP 23.1; *Shoen*, 137 P.3d at 1179-1180 & n.21. Here, Plaintiff has done neither. Plaintiff claims demand would be futile only with respect to his demand that he be reinstated a Reading's President and CEO; he does not even allege, let alone with the required particularity, that demand would be futile with respect to any of the other purportedly wrongful conduct described in the FAC. *See Khanna*, 2006 WL 1388744, at *14 (Demand futility "analysis is fact-intensive and proceeds **director-by-director and transaction-by-transaction**.") (emphasis added); *MCG Capital Corp. v. Maginn,* No. CIV.A. 4521-CC, 2010 WL 1782271, at *7 (Del. Ch. May 5, 2010) ("Each derivative claim for which no

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demand was made on the board must be evaluated independently to determine whether demand was futile as to that claim.").

Nevada's pre-suit demand requirement recognizes that a company's board should be given the "opportunity to control any acts needed to correct improper conduct or actions" and is meant to "protect[] clearly discretionary directorial conduct and corporate assets by discouraging unnecessary, unfounded, or improper shareholder actions." *See Shoen*, 137 P.3d at 1179. Plaintiff has not, by virtue of his allegedly wrongful termination, been given the power to circumvent the business judgment of the entire Board of Directors with respect to all corporate decisions, no matter how small, from the content of a press release to the timing of meeting minutes to reimbursement of business expenses. He is not excused from the requirements of a pre-suit demand.

Nor does Plaintiff make any demand futility allegations with respect to the Board as currently composed, with Ms. Codding and Mr. Wrotniak added and Mr. Storey having resigned. A different demand futility test applies where demand would be made on a board of directors distinct from the one that engaged in the challenged transaction. *See id.* at 1182-84 (describing different demand futility tests where the allegedly improper action was taken by former as opposed to current board members). Despite bearing the "heavy burden" of showing why demand on Reading's Board would be futile, Plaintiff does not even attempt to satisfy the applicable test. *See id.* at 1181. The FAC should therefore be dismissed.

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V. CONCLUSION

WHEREFORE, based on the foregoing, Moving Defendants respectfully request the Court dismiss the First Amended Complaint in its entirety.

Dated this 12th day of November, 2015.

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CERTIFICATE OF MAILING

I hereby certify that, on the 12th day of November, 2015, I served a copy of the foregoing **MOTION TO DISMISS FIRST AMENDED COMPLAINT** upon each of the parties via Odyssey E-Filing System pursuant to NRCP 5(b)(2)(D) and EDCR 8.05:

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EXHIBIT A

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

Form 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2014

or

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

For the transaction period from _____ to _____

Commission file number: 1-8625

Reading International, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	**95-3885184**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6100 Center Drive, Suite 900 Los Angeles, CA	**90045**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Title of Each Class	Name Of Each Exchange On Which Registered
Class A Nonvoting Common Stock, $0.01 Par Value per Share	**NASDAQ**
Class B Voting Common Stock, $0.01 Par Value per Share	**NASDAQ**

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

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

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

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

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

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

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

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

Large accelerated filer☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

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

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

EXPLANATORY NOTE

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

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

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

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead independent director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation and Stock Options Committee.

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

Ellen M. Cotter. Ellen M. Cotter has been a member of the board since March 7, 2013, and on August 7, 2014 was appointed as Chair of our board. She joined our company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the board her 16 years of experience working in our company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our company's domestic cinema operations. She has also served as the Chief Executive Officer of our subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. Ms. Cotter also is a significant stockholder in our company.

James J. Cotter, Jr. James J. Cotter, Jr. has been a director of our company since March 21, 2002, and was appointed Vice Chair of the Board in 2007. The board appointed Mr. Cotter, Jr. to serve as our President, beginning June 1, 2013. On August 7, 2014, he resigned as Vice Chair and was appointed to succeed his late father, James J. Cotter, Sr., as our Chief Executive Officer. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a director to Cecelia Packing Corporation from February 1996 to September 1997 and as a director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter.

Mr. Cotter, Jr. brings to the board his experience as a business professional, including as chief Executive Officer of Cecelia Packing Corporation, and corporate attorney, and his operating experience as the Chief Executive Officer of Cecelia. As the Vice Chair of our company, since 2007 he has chaired the weekly

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

Margaret Cotter. Margaret Cotter has been a director of our company since September 27, 2002, and on August 7, 2014 was appointed as Vice Chair of our board. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Ms. Cotter receives no compensation for this position, other than the right to participate in our company's medical insurance program. Ms. Cotter manages the real estate which houses each of the four live theaters under our Theater Management Agreement with Ms. Cotter's company, OBI LLC. Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties as well as heads the day to day pre-development process and transition of our properties from theater operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates, which subsequently sold the business to our company along with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing our theater these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, she is a significant stockholder in our company.

Guy W. Adams. Guy W. Adams has been a director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past eleven years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this time, Mr. Adams provided investment advice to various family offices and invested his own capital in public and private equity transactions. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

William D. Gould. William D. Gould has been a director of our company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our board to provide oversight in such matters.

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

Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the board his many years as a tax attorney and law professor, which experience well-serves our company in addressing tax matters. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a director of our company since May 17, 2012 and Chair of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the board and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chair of the board of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since September 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm, Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the board his more than 37 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Tim Storey. Tim Storey has been a director of our company since December 28, 2011. Mr. Storey has served as the sole outside director of our company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chair of the board of that company on July 1, 2009. Since July 28, 2014, Mr. Storey has served as a director of JustKapital Litigation Partners Limited, an Australian Stock Exchange-listed company engaged in litigation financing. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, a New Zealand-listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chair of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities.

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

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

Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 57 years and, immediately before joining our company, served as the President of Loews Theatres Management Corporation.

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer

(handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, which experience will help us with our real estate and cinema developments there. Mr. Ellis graduated Phi Beta Kappa from Occidental College with a B.A. degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

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

Devasis ("Dev") Ghose. On April 20, 2015, we agreed to retain Devasis Dev Ghose to be our new Chief Financial Officer and Treasurer, effective May 11, 2015. Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles for 25 years with three NYSE-listed companies: Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage), Skilled Healthcare Group (a health services company, now part of Genesis HealthCare), and HCP, Inc., (which invests primarily in real estate serving the healthcare industry), and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe). Earlier, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the US & KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

Relationships

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

Committees of the Board of Directors

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

The Cotter family members who serve as directors and officers of our company collectively own beneficially shares of our Class B Stock representing more than 70% of the voting power for the election of directors of our company. Therefore, our board has determined that our company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our board has unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to James J. Cotter, Sr., our former controlling stockholder, in order to be elected. The Cotter family, as the holders of a majority of the voting power of our company, are able under Nevada corporations law and our charter documents to elect candidates to our board and to remove a director from the board without the vote of

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

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

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

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

Executive Committee

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

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

Audit and Conflicts Committee

Our board maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by our board that is available on our website at www.readingrdi.com. Our board has determined that the Audit Committee is comprised entirely of independent directors (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. During 2014, our Audit and Conflicts Committee was comprised of Mr. McEachern, who served as Chair, and Messrs. Kane and Storey.

Compensation and Stock Options Committee

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

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

Tax Oversight Committee

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

Code of Ethics

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees. The Code of Ethics is available on our website at www.readingrdi.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission (the "SEC") and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transaction that occurred in 2014 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file one Form 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock.

All of the transactions involved were between the individual involved and our company or related to certain inter-family or estate planning transfers, and did not involve transactions with the public. Insofar as we are aware, all required filings have now been made.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our board has established a standing Compensation Committee consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the authority delegated to the Compensation Committee from time to time by our board.

The Compensation Committee recommends to the full board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our company. Our board with the Cotter family directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or

take other compensation actions of its own. Prior to his resignation as our Chair and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated by our board responsibility for determining the compensation of our executive officers other than himself and his family members. The board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

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

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

CEO Compensation

The Compensation Committee recommends to our board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant. The Compensation Committee has established three components of our Chief Executive Officer's compensation -- a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element is to reasonably reward our Chief Executive Officer for his performance and leadership.

In 2007, our board approved a supplemental executive retirement plan ("SERP) pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our company and its predecessors. Neither Mr. James J. Cotter, Jr., Mr. Cotter, Sr.'s successor as our Chief Executive Officer, nor any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

<u>2014 CEO Compensation</u>

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

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

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of United States and Australian companies and published compensation survey data, and to our company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group.

The peer group consisted of the following 18 companies:

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

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

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

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

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

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

Salary: $750,000

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

Discretionary Cash Bonus: Up to $750,000.

In 2013, the Compensation Committee recommended and our board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless

his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

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

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

At its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he was to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to $1,200,000 divided by the closing price of the stock on February 27, 2104, the date the Committee approved the stock bonus. This compares to a similar stock bonus to Mr. Cotter, Sr. of $750,000 in 2013.

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

Following his appointment on August 7, 2014 as our Chief Executive Officer, James J. Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. has not yet been awarded a discretionary cash bonus for 2014.

Total Direct Compensation

We and our Compensation Committee have no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

Compensation of Other Named Executive Officers

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

Mr. Cotter, Sr. set the 2014 base salaries of our executive officers other than himself and members of his family. Mr. Cotter, Sr.'s decisions were not subject to approval by the Compensation Committee or our board, but our Compensation Committee and our board considered Mr. Cotter, Sr.'s decisions with respect to executive compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. informed us that he did not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor did he consult with compensation consultants on the matter. Mr. Cotter, Sr. also advised us that he considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   - attract and retain talented executives;

   - reward executives appropriately for their individual efforts and job performance; and

- afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our board.

2. In support of the foregoing, the total compensation paid to our named executive officers should be:

   - fair both to our company and to the named executive officers;
   - reasonable in nature and amount; and
   - competitive with market compensation rates.

Personal and company performances were just two factors considered by Mr. Cotter, Sr. in establishing base salaries. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2014, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. No stock bonuses were awarded in 2014 to our named executive officers other than Mr. Cotter, Sr.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered by Mr. Cotter, Sr. in setting the base salaries may have included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we have awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our board of directors has delegated to our Chief Executive Officer the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives. Any discretionary annual bonuses to the Cotter family executive have historically been determined by our board based upon the recommendation of our Compensation Committee.

In light of Mr. Cotter, Sr.'s death in September 2014, cash bonuses for 2014 have not yet been determined by Mr. Cotter, Jr. or, in the case of the Cotter family members, recommended by the Compensation Committee or approved by our board. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

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

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

2014 Base Salaries and Target Bonuses

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals. Our Compensation Committee recommended and our board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2014:

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

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

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

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

We offer stock options and stock awards to our employees, including named executive officers, as the long-term incentive component of our compensation program. We sometimes grant equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we grant to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

Other Elements of Compensation

Retirement Plans

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Supplemental Executive Retirement Plan

In March 2007, our board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our company, Mr. Cotter, Sr. was to be entitled to receive from our company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested. In October 2014, following Mr. Cotter, Sr.'s death, we began accruing monthly supplemental retirement benefits of $57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries.

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

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our board. Mr. Matyczynski's DCP vested as follows:

December 31	Total Vested Amount at the End of Each Vesting Year
2013	$300,000
2014	$450,000

Mr. Matyczynski resigned his employment with the company effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation until May 11, 2015. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

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

Key Person Insurance

Our company maintains life insurance on certain individuals who we believe to be key to our management. These individuals include James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, director or independent contractor of our company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our company. In the case of named executive officers, the premium paid by our company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits, although in the past we provided Mr. Cotter, Sr. the personal use of our West Hollywood, California, condominium, which was used as an executive meeting place and office and sold in February 2015, a company-owned automobile and a health club membership. Historically, all of our other named executive officers also have received an automobile allowance. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Tax Gross-Ups

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

Tax and Accounting Considerations

Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. The Compensation Committee and our board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

Nonqualified Deferred Compensation

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

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to

Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our company's executive compensation. The Compensation Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our board that the foregoing "Compensation Discussion and Analysis" be included in this Form 10-K/A.

Respectfully submitted,

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

Compensation Committee Interlocks and Insider Participation

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

Executive Compensation

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

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

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through

December 31, 2014, (iii) Mr. Andrzej Matyczynski, our financial officer, and (iv) the other three persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

Summary Compensation Table

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr.(2)	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
Chair of the Board	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
and Chief Executive	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000
Officer								
James J. Cotter, Jr.(5)	2014	335,000	--	--	--	--	27,000 (7)	362,000
President and Chief	2013	195,000	--	--	--	--	20,000 (7)	215,000
Executive Officer	2012	--					0	0
Andrzej Matyczynski	2014	309,000			33,000	150,000 (6)	26,000 (7)	518,000
Chief Financial Officer	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
and Treasurer	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
President – Domestic	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
Cinema Operations	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
Chief Operating Officer	2013	335,000	--	--	--	--	25,000 (7)	360,000
Domestic Cinemas	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith	2014	324,000	45,000	--	--	--	19,000 (7)	388,000
Managing director -	2013	339,000	--	--	--	--	20,000 (7)	359,000
Australia and New Zealand	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 17, 2015.

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

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

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

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014.

(6) Represents the increase in the vested benefit of the DCP for Mr. Matyczynski. Payment of the vested benefit under his DCP will be made in accordance with the terms of the DCP.

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

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

Employment Agreements

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

Under his employment agreement, we may terminate Mr. Cotter Jr.'s employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Cotter Jr. will be entitled to receive severance in an amount equal to the compensation he would have received had he remained employed by us for 12 months.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of $350,000, with an annual target bonus of at least $60,000. Mr. Ellis also received a "sign-up"' bonus of $10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 Class A shares at an exercise price equal to the closing price of our Class A shares on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan (the "Plan") at the annual meeting of stockholders in accordance with the recommendation of the board of directors of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, directors, and consultants. The Plan permits issuance of a maximum of 1,250,000 shares of class A nonvoting common stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

Certain Federal Income Tax Consequences

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

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

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

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

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

Outstanding Equity Awards

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

Outstanding Equity Awards At Year Ended December 30, 2014

	Option Awards					Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James J. Cotter, Sr.	B	100,000	--	10.24	09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A	10,000	--	8.35	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	25,000	25,000	6.02	08/22/2022	--	--
Robert F. Smerling	A	43,750	--	10.24	09/05/2017	--	--

Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2014:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	--	--	160,643	1,200,000
Andrzej Matyczynski	35,100	180,063	--	--

Pension Benefits

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

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James J. Cotter, Sr.(1)	SERP	27	$ 7,595,000	$ --
Andrzej Matyczynski(2)	DCP	5	$ 450,000	$ --

Director Compensation

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

Upon joining our board, new directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. From time to time our directors also are granted additional stock options as compensation for their service on our board. Historically, these awards were based upon the recommendations of our former Chair and principal shareholder, Mr. James J. Cotter, Sr., which recommendations were reviewed and acted upon by our entire board. When such additional awards have been made, typically, each sitting director (other than Mr. Cotter, Sr., who historically did not participate in such awards) was awarded the same number of options on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration.

In November 2014, our board of directors determined to make grants to our non-employee directors on January 15 of each year of stock options to purchase 2,000 shares of our Class A Stock. The options will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

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

Director Compensation Table

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

(1) In addition to her director's fees, Ms. Margaret Cotter receives a combination of fixed and incentive management fees under the OBI Management Agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.

(2) Mr. Adams joined the board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share.

(3) This amount represents fees paid to Mr. Storey as the sole independent director of our company's wholly-owned New Zealand subsidiary.

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

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

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

- each of our incumbent directors;
- each of our incumbent named executive officers set forth in the Summary Compensation Table of this Proxy Statement;

- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and

- all of our incumbent directors and incumbent executive officers as a group.

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

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

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

(1) Percentage ownership is determined based on 21,745,484 shares of Class A Stock and 1,580,590 shares of Class B Stock outstanding on May 6, 2015. Except as described in footnote (13) with respect to the beneficial ownership of all directors and executive officers as a group, the table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option. Except as described with respect to the disputed shares and the disputed option, beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of May 6, 2015, which are indicated by footnote, are deemed to be

beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown include 97,500 shares subject to stock options. The Class A Stock shown also include 289,390 shares held by a trust for the benefit of James J. Cotter, Sr.'s grandchildren (the "Cotter grandchildren's trust") and 102,751 held by the James J. Cotter Foundation. Mr. Cotter, Jr. is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the James J. Cotter Living Trust, or the "Living Trust," which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(3) The Class A Stock shown includes 20,000 shares subject to stock options. The Class A Stock shown also include 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 408,263 shares that Ms. Cotter maintains are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and that Mr. Cotter, Jr. contends are held by the Living Trust. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(4) The Class A Stock shown includes 17,000 shares subject to stock options. The Class A shares shown also include 289,390 shares held by the Cotter grandchildren's trust and 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 408,263 shares that Ms. Cotter maintains are part of the Cotter Estate and that Mr. Cotter, Jr. contends are held by the Living Trust. As co-executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(5) Includes 17,000 shares subject to stock options.

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

(7) Includes 27,000 shares subject to stock options.

(8) Consists of shares subject to stock options.

(9) James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are the Co-trustees of the Living Trust. On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away in September 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. to our board and to take all actions to rotate the chairmanship of our board among the three of them. On February 6, 2015, Ellen Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. As co-trustees of the Living Trust, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter would share voting and investment power of the shares held by the Living Trust and, as such, would be deemed to beneficially own such shares. As trustee or co-trustees of the Reading Voting Trust, Margaret Cotter or Mr. Cotter, Jr., or both, would be deemed to beneficially own the Class B Stock shown. Each of Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter disclaims beneficial ownership of the shares held by the Living Trust except to the extent of his or her pecuniary interest, if any, in such shares.

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

(11) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13G filed on February 14, 2012.

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

(13) The Class A Stock shown includes 408,263 disputed shares of Class A Stock and 251,250 shares subject to options. The Class B Stock shown includes the 327,808 disputed shares and the 100,000 shares subject to the disputed option.

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

Certain Relationships and Related Transactions

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chair. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company that is owned by Sutton Hill Associates, which was a 50/50 partnership between James J. Cotter, Sr. and Michael Forman. The Village East is the only cinema subject to this lease, and during 2014, 2013 and 2012 we paid rent to SHC in the amount of $590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

In February 2015, we and SHP entered into an amendment to the management agreement dated as of June 27, 2007 between us and SHC. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2 & 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2 & 3 over the average annual positive cash flow of the Cinemas over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations.

OBI Management Agreement

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

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

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

Live Theater Play Investment

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

Shadow View Land and Farming LLC

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Summary of Principal Accounting Fees for Professional Services Rendered

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2014, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Audit Fees

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2014 and 2013 were approximately $661,700 and $550,000, respectively.

Audit-Related Fees

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

Tax Fees

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

All Other Fees

Grant Thornton, LLP did not provide us any services for 2014 or 2013 other than as set forth above.

Pre-Approval Policies and Procedures

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2014 and 2013.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

SIGNATURES

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

READING INTERNATIONAL, INC.

Date: May 8, 2015

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

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

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

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.
James J. Cotter, Jr.
Chief Executive Officer

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

I, Andrzej Matyczynski, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ ANDRZEJ MATYZYNSKI
Andrzej Matyczynski
Chief Financial Officer

EXHIBIT B

AMENDED AND RESTATED

BYLAWS

OF

Reading International, Inc.

A Nevada Corporation

(formerly Citadel Holding Corporation)

AMENDED AND RESTATED

BYLAWS

OF

READING INTERNATIONAL, INC.

A Nevada Corporation

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AMENDED AND RESTAED

BYLAWS[1]

OF

READING INTERNATIONAL, INC.

A Nevada Corporation

ARTICLE I
STOCKHOLDERS

SECTION 1 ANNUAL MEETING

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

SECTION 2 SPECIAL MEETINGS

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

SECTION 3 NOTICE OF MEETINGS

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

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[1] These Amended and Restated Bylaws are hereinafter referred to as the Bylaws.

[2] The "Board" and "Board of Directors" are hereinafter used in reference to the Board of Directors of Reading International, Inc.

SECTION 4 PLACE OF MEETINGS

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

SECTION 5 STOCKHOLDER LISTS

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

SECTION 6 QUORUM; ADJOURNED MEETINGS

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

SECTION 7 VOTING

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

SECTION 8 PROXIES

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

SECTION 9 ACTION WITHOUT MEETING

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

SECTION 10 CERTAIN LIMITATIONS

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

ARTICLE II
DIRECTORS

SECTION 1 MANAGEMENT OF CORPORATION

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

SECTION 2 NUMBER, TENURE, AND QUALIFICATIONS

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

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

SECTION 3 CHAIRMAN AND VICE CHAIRMAN OF THE BOARD

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

SECTION 4 VACANCIES; REMOVAL

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

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

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

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

SECTION 5 ANNUAL AND REGULAR MEETINGS

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

SECTION 6 FIRST MEETING

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

SECTION 7 SPECIAL MEETINGS

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

SECTION 8 BUSINESS OF MEETINGS

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

SECTION 9 QUORUM; ADJOURNED MEETINGS

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

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

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

SECTION 10 COMMITTEES

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

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

SECTION 11 ACTION WITHOUT MEETING; TELEPHONE MEETINGS

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

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

SECTION 12 SPECIAL COMPENSATION

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

ARTICLE III
NOTICES

SECTION 1 NOTICE OF MEETINGS

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

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

SECTION 2 EFFECT OF IRREGULARLY CALLED MEETINGS

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

SECTION 3 WAIVER OF NOTICE

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

ARTICLE IV
OFFICERS

SECTION 1 ELECTION

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

SECTION 2 CHAIRMAN AND VICE CHAIRMAN OF THE BOARD

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

SECTION 3 PRESIDENT

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

SECTION 4 VICE-PRESIDENT

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

SECTION 5 SECRETARY

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

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

SECTION 6 ASSISTANT SECRETARIES

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

SECTION 7 TREASURER

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

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

SECTION 8 ASSISTANT TREASURERS

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

SECTION 9 COMPENSATION

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

SECTION 10 REMOVAL; RESIGNATION

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

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

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

ARTICLE V
CAPITAL STOCK

SECTION 1 CERTFICATED AND UNCERTIFICATED SHARES OF STOCK

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

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

SECTION 2 SURRENDERED; LOST OR DESTROYED CERTIFICATES

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

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

SECTION 3 REGULATIONS

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

SECTION 4 RECORD DATE

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

SECTION 5 REGISTERED OWNER

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

ARTICLE VI
GENERAL PROVISIONS

SECTION 1 REGISTERED OFFICE

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

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

SECTION 2 CHECKS; NOTES

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

SECTION 3 FISCAL YEAR

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

SECTION 4 STOCK OF OTHER CORPORATIONS OR OTHER INTERESTS

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

SECTION 5 CORPORATE SEAL

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

SECTION 6 ANNUAL STATEMENT

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

SECTION 7 DIVIDENDS

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

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

SECTION 8 CONFLICTS OF INTEREST

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

ARTICLE VII
INDEMNIFICATION

SECTION 1 INDEMNIFICATION OF OFFICERS AND DIRECTORS, EMPLOYEES AND AGENTS

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

SECTION 2 INSURANCE

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

SECTION 3 FURTHER BYLAWS

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

ARTICLE VIII
AMENDMENTS

SECTION 1 AMENDMENTS BY STOCKHOLDERS

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

SECTION 2 AMENDMENTS BY BOARD OF DIRECTORS

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

CERTIFICATE OF SECRETARY

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

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

_____

Andrzej Matyczynski, Secretary

EXHIBIT C

Reading International, Inc. (RDI) - NasdaqCM ★ Watchlist

Like 4

15.45 ▼0.07 (0.42%) 12:22PM EST - Nasdaq Real Time Price

Historical Prices

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End Date: Nov 12 2015

- (•) Daily
- ( ) Weekly
- ( ) Monthly
- ( ) Dividends Only

Get Prices

First | Previous | Next | Last

Prices

Date	Open	High	Low	Close	Volume	Adj Close*
Nov 11, 2015	15.80	15.81	15.52	15.52	31,800	15.52
Nov 10, 2015	15.75	15.97	15.71	15.79	23,000	15.79
Nov 9, 2015	16.24	16.24	15.70	15.76	38,800	15.76
Nov 6, 2015	16.00	16.21	15.61	16.21	65,400	16.21
Nov 5, 2015	16.21	16.21	16.02	16.08	36,600	16.08
Nov 4, 2015	15.97	17.31	15.92	16.13	136,300	16.13
Nov 3, 2015	15.59	16.01	15.59	15.95	41,000	15.95
Nov 2, 2015	15.50	15.79	15.41	15.71	44,800	15.71
Oct 30, 2015	15.83	15.83	15.35	15.50	60,700	15.50
Oct 29, 2015	15.88	15.94	15.75	15.79	33,200	15.79
Oct 28, 2015	15.52	15.92	15.33	15.89	63,000	15.89
Oct 27, 2015	15.70	15.79	14.80	15.52	45,300	15.52
Oct 26, 2015	15.40	15.76	15.29	15.68	42,100	15.68
Oct 23, 2015	15.31	15.50	15.16	15.50	37,900	15.50
Oct 22, 2015	15.27	15.64	14.95	15.16	72,800	15.16
Oct 21, 2015	15.63	15.71	15.13	15.16	112,200	15.16
Oct 20, 2015	15.44	15.72	15.32	15.64	49,800	15.64
Oct 19, 2015	15.09	15.42	15.05	15.41	65,300	15.41
Oct 16, 2015	14.97	15.19	14.82	15.09	63,700	15.09
Oct 15, 2015	14.77	14.95	14.69	14.94	62,300	14.94
Oct 14, 2015	15.63	15.93	14.68	14.75	119,000	14.75
Oct 13, 2015	15.90	15.94	15.54	15.65	86,600	15.65
Oct 12, 2015	15.14	15.97	14.82	15.90	91,400	15.90
Oct 9, 2015	14.67	15.12	14.50	15.09	58,900	15.09
Oct 8, 2015	13.85	14.87	13.51	14.67	77,900	14.67
Oct 7, 2015	13.71	13.86	13.50	13.82	59,500	13.82
Oct 6, 2015	13.74	13.77	13.54	13.62	31,300	13.62
Oct 5, 2015	13.28	13.80	13.25	13.74	43,900	13.74
Oct 2, 2015	13.00	13.16	12.88	13.16	46,500	13.16
Oct 1, 2015	12.76	13.23	12.76	13.11	65,600	13.11
Sep 30, 2015	12.75	12.79	12.52	12.67	29,300	12.67
Sep 29, 2015	12.45	12.79	12.45	12.67	17,900	12.67
Sep 28, 2015	12.64	12.71	12.44	12.45	39,500	12.45
Sep 25, 2015	12.92	12.92	12.59	12.63	35,700	12.63
Sep 24, 2015	12.63	12.82	12.55	12.81	27,700	12.81

Sep 23, 2015	12.60	12.80	12.54	12.69	47,800	12.69
Sep 22, 2015	12.47	12.82	12.46	12.61	32,600	12.61
Sep 21, 2015	12.70	12.88	12.46	12.54	74,200	12.54
Sep 18, 2015	12.41	12.77	12.40	12.68	123,400	12.68
Sep 17, 2015	12.60	12.69	12.52	12.57	35,800	12.57
Sep 16, 2015	12.38	12.67	12.27	12.63	29,700	12.63
Sep 15, 2015	12.28	12.54	12.22	12.40	36,900	12.40
Sep 14, 2015	12.33	12.44	12.18	12.28	27,500	12.28
Sep 11, 2015	12.35	12.46	12.30	12.35	53,800	12.35
Sep 10, 2015	12.56	12.63	12.36	12.44	40,000	12.44
Sep 9, 2015	12.77	12.77	12.57	12.62	49,600	12.62
Sep 8, 2015	12.86	12.86	12.58	12.64	23,800	12.64
Sep 4, 2015	12.50	12.92	12.50	12.72	19,200	12.72
Sep 3, 2015	12.77	12.95	12.57	12.65	50,600	12.65
Sep 2, 2015	12.88	12.88	12.65	12.82	44,100	12.82
Sep 1, 2015	12.80	12.91	12.60	12.69	39,400	12.69
Aug 31, 2015	12.84	13.09	12.72	12.83	83,500	12.83
Aug 28, 2015	12.84	12.92	12.71	12.92	41,300	12.92
Aug 27, 2015	12.88	13.03	12.63	12.93	41,000	12.93
Aug 26, 2015	12.85	12.90	12.35	12.84	69,100	12.84
Aug 25, 2015	12.90	12.90	12.44	12.56	75,200	12.58
Aug 24, 2015	12.51	13.08	11.92	12.65	85,500	12.65
Aug 21, 2015	12.74	13.45	12.69	13.06	120,100	13.06
Aug 20, 2015	13.16	13.16	12.88	12.95	31,500	12.95
Aug 19, 2015	13.09	13.43	12.81	13.30	33,700	13.30
Aug 18, 2015	13.16	13.26	13.10	13.15	52,100	13.15
Aug 17, 2015	13.02	13.25	12.98	13.25	49,100	13.25
Aug 14, 2015	13.09	13.21	12.98	13.14	72,300	13.14
Aug 13, 2015	13.20	13.20	12.93	13.06	37,700	13.06
Aug 12, 2015	12.81	13.18	12.67	13.04	70,900	13.04
Aug 11, 2015	12.68	12.99	12.61	12.86	67,200	12.86

* Close price adjusted for dividends and splits.

First | Previous | Next | Last

Download to Spreadsheet

Currency in USD.

Reading International, Inc. (RDI) - NasdaqCM ★ Watchlist Like 4

15.45 ▼0.07 (0.42%) 12:22PM EST - Nasdaq Real Time Price

Historical Prices

Get Historical Prices for: GO

Set Date Range

Start Date: Jun 12 2015 Eg. Jan 1, 2010

End Date: Nov 12 2015

- (•) Daily
- ( ) Weekly
- ( ) Monthly
- ( ) Dividends Only

Get Prices

First | Previous | Next | Last

Prices

Date	Open	High	Low	Close	Volume	Adj Close*
Aug 10, 2015	12.38	12.84	12.30	12.76	125,300	12.76
Aug 7, 2015	11.99	12.60	11.99	12.28	111,500	12.28
Aug 6, 2015	12.17	12.18	11.80	12.08	46,500	12.08
Aug 5, 2015	12.40	12.50	12.07	12.16	33,000	12.16
Aug 4, 2015	12.26	12.40	12.02	12.32	77,400	12.32
Aug 3, 2015	11.91	12.09	11.71	11.97	98,000	11.97
Jul 31, 2015	12.00	12.11	11.71	11.78	119,900	11.78
Jul 30, 2015	11.93	12.05	11.71	11.99	118,000	11.99
Jul 29, 2015	12.15	12.15	11.79	11.92	109,800	11.92
Jul 28, 2015	12.36	12.58	11.96	12.19	121,400	12.19
Jul 27, 2015	11.90	12.59	11.86	12.31	338,000	12.31
Jul 24, 2015	12.30	12.35	11.99	12.03	164,100	12.03
Jul 23, 2015	12.74	12.91	12.25	12.33	197,400	12.33
Jul 22, 2015	13.57	13.57	12.73	12.83	214,100	12.83
Jul 21, 2015	13.85	13.88	13.29	13.34	119,400	13.34
Jul 20, 2015	14.04	14.14	13.60	13.68	36,100	13.68
Jul 17, 2015	14.14	14.14	13.86	14.00	42,300	14.00
Jul 16, 2015	13.96	14.20	13.91	14.08	43,900	14.08
Jul 15, 2015	14.19	14.22	13.79	13.91	31,300	13.91
Jul 14, 2015	14.06	14.18	14.00	14.15	44,100	14.15
Jul 13, 2015	13.90	14.02	13.88	14.00	45,800	14.00
Jul 10, 2015	13.69	13.95	13.60	13.89	46,600	13.89
Jul 9, 2015	13.60	13.69	13.42	13.57	32,100	13.57
Jul 8, 2015	13.51	13.75	13.38	13.49	65,000	13.49
Jul 7, 2015	13.64	13.65	13.46	13.63	44,400	13.63
Jul 6, 2015	13.88	14.05	13.52	13.66	59,700	13.66
Jul 2, 2015	14.04	14.05	13.87	13.97	36,000	13.97
Jul 1, 2015	13.88	14.04	13.79	14.00	36,300	14.00
Jun 30, 2015	13.61	13.91	13.57	13.85	65,200	13.85
Jun 29, 2015	13.30	13.60	13.14	13.52	80,800	13.52
Jun 26, 2015	13.24	13.45	13.09	13.44	212,700	13.44
Jun 25, 2015	13.22	13.28	13.10	13.16	33,900	13.16
Jun 24, 2015	13.32	13.51	12.98	13.12	66,300	13.12
Jun 23, 2015	13.33	13.45	13.09	13.31	86,600	13.31
Jun 22, 2015	13.34	13.58	13.00	13.22	76,100	13.22

Page 3

Jun 19, 2015	13.48	14.31	13.17	13.38	119,100	13.38
Jun 18, 2015	13.55	13.85	13.44	13.53	41,600	13.53
Jun 17, 2015	13.65	13.66	13.31	13.45	21,200	13.45
Jun 16, 2015	13.54	13.69	13.34	13.60	32,100	13.60
Jun 15, 2015	13.85	14.05	13.34	13.57	35,200	13.57
Jun 12, 2015	13.95	14.06	13.70	13.88	25,600	13.88

* Close price adjusted for dividends and splits.

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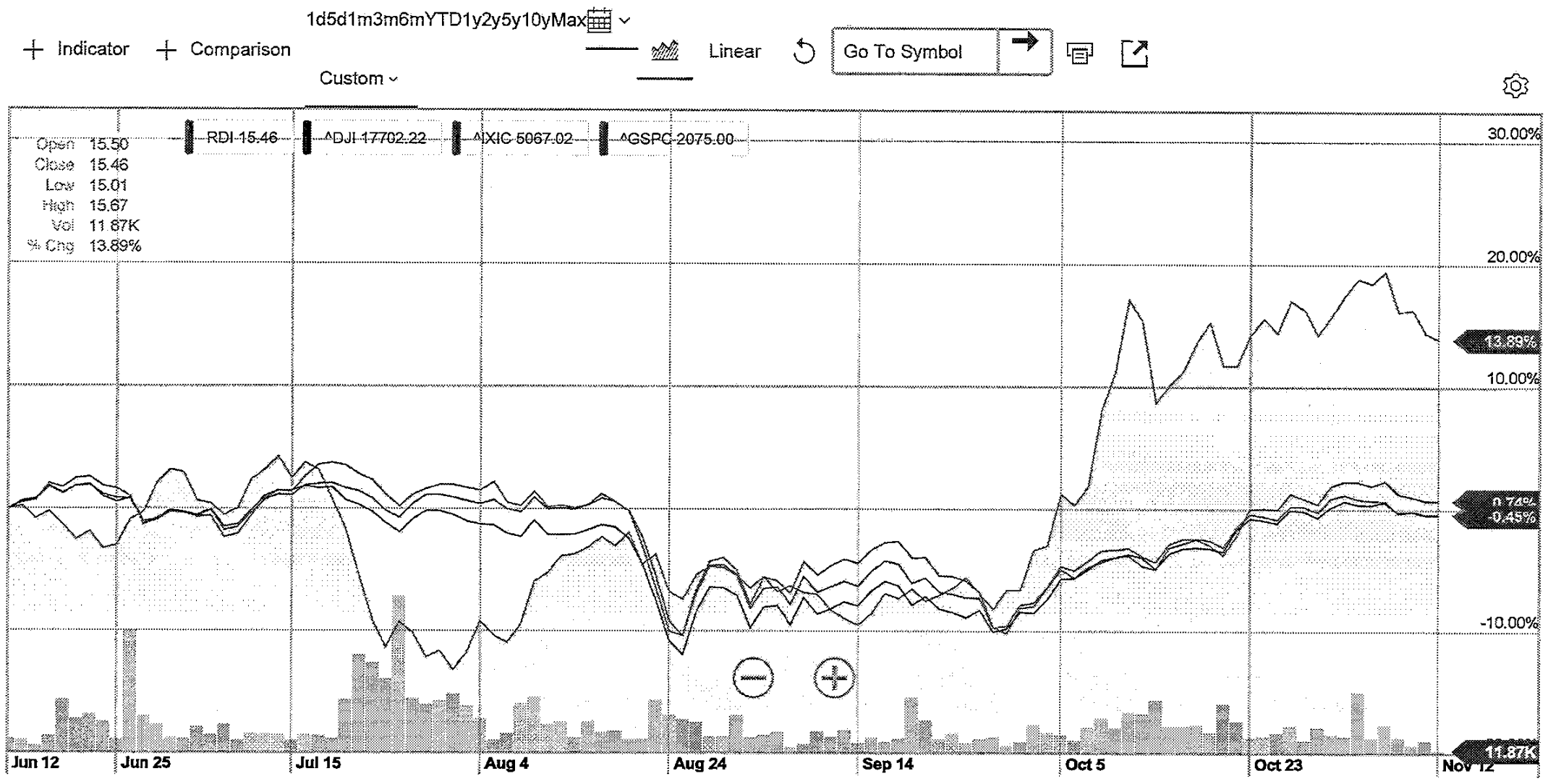
EXHIBIT D

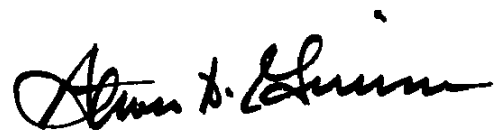
Reading International, Inc. (RDI) ★ Watchlist



LEGEND
RDI - Reading International, Inc.
DJI - Dow Jones Industrial Average
IXIC - NASDAQ Composite
GSPC - S&P 500

RDI-SA0185

Electronically Filed
03/04/2016 10:04:03 AM



CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR.	.	
Plaintiff	.	CASE NO. A-719860
vs.	.	DEPT. NO. XI
MARGARET COTTER, et al.	.	**Transcript of Proceedings**
Defendants	.	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

HEARING ON MOTIONS TO DISMISS FIRST AMENDED COMPLAINTS

TUESDAY, JANUARY 19, 2016

APPEARANCES:

FOR THE PLAINTIFF:	MARK G. KRUM, ESQ.
FOR THE DEFENDANTS:	MICHAEL V. HUGHES, ESQ. MARSHALL M. SEARCY, ESQ. ALEXANDER ROBERTSON IV, ESQ. MARK E. FERRARIO, ESQ. AARON D. SHIPLEY, ESQ.
COURT RECORDER:	TRANSCRIPTION BY:
JILL HAWKINS District Court	FLORENCE HOYT Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript produced by transcription service.

LAS VEGAS, NEVADA, TUESDAY, JANUARY 19, 2016, 8:35 A.M.

(Court was called to order)

THE COURT: If I could go to Cotter.

Mr. Robertson's on the phone?

Good morning. If everybody can please identify themselves for purposes of the record and tell me who is on the phone today.

MR. SHIPLEY: Good morning, Your Honor. Aaron Shipley on behalf of James J. Cotter, Jr., in the related probate matter.

MR. KRUM: Good morning, Your Honor. Mark Krum on behalf of James J. Cotter, Jr., in the Business Court matter.

MR. FERRARIO: Mark Ferrario on behalf of Reading, Your Honor.

MR. HUGHES: Michael Hughes on behalf of Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern.

MR. SEARCY: And Marshall Searcy on behalf of the same defendants.

THE COURT: They're your motions, someone on this side.

MR. SEARCY: Your Honor, I'll be brief, since these have been so thoroughly vetted in front of the Court. In his initial complaint Mr. Cotter, Jr., alleged that he shouldn't have been terminated and that there wasn't sufficient process.

But what he didn't allege is that the corporation was injured somehow. And with his current complaint Mr. Cotter, Jr., still hasn't made that alleging sufficiently.

The best that he can do is allege that the stock price went down for a single short period of time. But in fact now the stock price is going up, and in fact the corporation hasn't been injured by his termination.

And, Your Honor, with respect to other allegations in the complaint Mr. Cotter, Jr., has added a series of allegations that read kind of like a Sour Grapes Gazette. They're allegations of things that have occurred since he was terminated that he doesn't agree with. But, as we set forth in our motions, Your Honor, none of those allegations comply with NRS 78.138. He hasn't made allegations that show any fraudulent intent, and they don't show any injury to the corporation.

So, Your Honor, on that basis the first amended complaint should be dismissed, and our motion should be granted.

THE COURT: Thank you.

Anybody else on this side of the room want to say anything? Okay.

MR. KRUM: Good morning, Your Honor.

THE COURT: Good morning.

MR. KRUM: Been over 30 years since I last briefed a

motion and spent so much time briefing what it was the Court could properly consider on a motion to dismiss. You'll be pleased to know I don't intend to speak to those legal issues this morning.

However, I do want to speak to what was just addressed and what's actually going on in that part of the motion. The argument that the stock price at the time of the filing of the motion was higher than the stock price following dissemination publicly of information regarding the termination of Mr. Cotter, that somehow makes the allegation of diminution in the value of stock price legally deficient, is procedurally and substantively mistaken for the reasons we briefed and I'm not going to repeat.

But what I am going to tell you and what I was not baited into arguing in opposition to the motion because I didn't want to add to the confusion about whether the information was properly before the Court and transform it into a summary judgment is information that these people full well knew when they filed the motion and made their arguments, and it's reflected in their exhibit of stock prices.

What happened, Your Honor, why the stock price went up is on October 1 -- and I invite you to look at their chart if you are curious about this.

Let me back up. I forgot to tell you what this is. This whole argument is a shameless and purposeful effort to

mislead the Court. That's why I'm talking about it. On October 1 Barron's published an article saying, Reading stock price could go up 100 percent. From October 1 until approximately the annual shareholders meeting on November 10th, when people held their breath and hoped for some good announcement that would effectuate all the value added everybody thinks is there isn't be effectuated, the stock price went up. Nothing happened. The stock price started trending down.

I'm going to talk about a discrete other set of allegations just because it's the same sort of issue. So they complained in their motions about our allegation that there was no process in appointing Ellen Cotter interim president and CEO, no process appointing her the head of the so-called CEO search committee. And we alleged that the lack of process was a function of the same other fiduciary breaches, which is it's all about entrenchment.

Well, a week ago yesterday Reading issued an 8-K, and the 8-K announced Ellen Cotter had been selected as the new president and CEO. Now, it's not in the record, but I'm a position to know that was a manipulated and aborted process, as well, and gives rise to claims. But the reason I mention it is because the stock price trended down every day last week, including on Thursday, when the market was up significantly. And in fact, Your Honor, last week the stock

price hit a 52-week low, okay. So the point of all that is what you know, which is this is not the sort of thing about which you make a decision, and it's also what you don't know, which is that the motion in that respect and otherwise was not only not well taken, it was an effort to mislead.

So it's been thoroughly briefed. I'm prepared to speak to any issues to which you would like me to speak. Or, if you don't need to hear further from me, I'll sit.

THE COURT: I don't need anything else. Thanks.

MR. KRUM: Thank you.

THE COURT: Anything else?

MR. SEARCY: Your Honor, I'll be brief on this point. The argument that Mr. Krum just made shows how there's no connection between the termination of Mr. Cotter, Jr., and the alleged decrease in stock price. Instead, the stock price went up, the corporation wasn't injured. He just made a series of statements about things that are outside of the complaint, namely, that the stock price went down recently, that aren't before the Court to consider.

So, Your Honor, again, there are no allegations here that the corporation was injured in any way by Mr. Cotter, Jr.'s termination. Thank you.

THE COURT: The motion's denied. Thank you.

Anything else?

MR. KRUM: Thank you, Your Honor.

MR. FERRARIO: We have one, too.

THE COURT: Okay. It's very similar.

MR. FERRARIO: Well, it isn't. And I'd like to hear the Court's thoughts on the threshold issue that Mr. Krum wants to avoid, and that is where they have to plead his claims with particularity under Rule 9(b).

THE COURT: I don't think he does.

MR. FERRARIO: Well, I'd like to have that on the record, because we think --

THE COURT: I said it.

MR. FERRARIO: On what basis?

THE COURT: Because it's not really --

MR. FERRARIO: In Nevada, Your Honor, as you know, I'm going to have to preach this, under NRS 78 the directors' or officers' acts or failure to act constitute a breach of his fiduciary duties as director, officer, and they must have a knowing violation of the law, intentional misconduct, or fraud.

THE COURT: And I don't think breach of fiduciary duty rises to the same level as a fraud claim.

MR. FERRARIO: How can you have a breach of -- you have to have two things in Nevada to hold a director liable. You have to have the breach of fiduciary duty and you have to have one of the other things. Where in his complaint has he pled intentional misconduct, fraud, or a knowing violation of

the law?

Obviously we can't be claiming fraud, or else 9(b) would apply; right? I looked through there. I didn't see any knowing violation of the law. So now what are we talking about, solely intentional misconduct? And what is the intentional misconduct? Look at his complaint and tell me.

THE COURT: But why do you think that needs to be pled with particularity?

MR. FERRARIO: You have to have two things to hold a director liable. And in the Schoen case and other cases that we've cited -- and, you know, you can look at the cases. They talk about claims of breach of fiduciary duty. And our Supreme Court, when they're referencing those claims, say they sound in fraud, and they cite Rule 9(b).

THE COURT: Some of them sound in fraud, some of them -- remember, the Schoen case has a long and tortured history with --

MR. FERRARIO: I'm aware of it.

THE COURT: -- the demand futility issues.

MR. FERRARIO: But that's not what the court spoke to.

THE COURT: Well, it's one of the things the court spoke to in the multiple decisions.

MR. FERRARIO: Yeah. But in the one that we cited the court talks about the claims that were leveled in that

Schoen case are identical to what's happening here, that people acted in their own self interest, that they didn't disclose it. Here they're pleading that this was all some big scheme to get rid of James, Jr., to entrench the directors by not disclosing certain things, and all of the discussion about the misleading or potentially misleading information that was put out to the public, all of that sounds in fraud. There's no material difference between the claims alleged here and the claims alleged in Schoen.

THE COURT: Okay. The two things that I require of Rule 9 are civil conspiracy, which I require to be pled like fraud even though it's not really fraud -- and the gentlemen in the courtroom on the Hard Rock case can tell you that -- and then the other thing that is fraud. Those are the two things. If people are looking like intentional misrepresentation and they didn't really call it fraud, I'll make them do it like a fraud claim. But breach of fiduciary duty is not the same.

MR. FERRARIO: Okay. And, well, all of our arguments flow from that. I wanted to get --

THE COURT: That was why I wrote "D" on the front of your motion after I read all the stuff.

MR. FERRARIO: Well, I wanted to get the Court's comments on the record, because obviously we see it differently.

THE COURT: I understand.

MR. FERRARIO: And I think when you relax the pleading standard then you erode the protections provided under Rule 78.

THE COURT: But remember I'm only at a motion to dismiss stage.

MR. FERRARIO: I understand. But the Court's done a number of these cases, and think that the point that we wanted to bring out here is the impact on the company from having to defend what we think are at its core basically somewhat petty allegations, you know, saying that directors can't remove a CEO because you have to have some process, which he doesn't identify. That's -- you know, that's -- the hallmark of the directors' duty is to hire a CEO. And to make these types of allegations, which when you cut through are -- as we've said in our pleading, I mean, they're designed to really malign those that are still with the company. And to not take a hard look at these cases at the inception ends up costing people lots of time and money. This has had a huge impact on the company, responding to discovery, going through documents. I mean, you know --

THE COURT: And the reason it had that --

MR. FERRARIO: -- this has been anything but a nominal impact on the company.

THE COURT: Mr. Ferrario, the reason that it has had

that impact at this stage is because we were going to have a preliminary injunction hearing, remember? And so we did expedited discovery, which frequently I do in these shareholder derivative cases because I've got stuff that's going on and has to be decided. But it didn't happen.

MR. FERRARIO: I understand. So this -- and that wasn't the first fire drill created by James, Jr. There was one created in the probate case that went nowhere. Then we had this fire drill. And, you're right, we did have to do expedited discovery. So we have to go do all of the stuff that goes with electronic discovery, and then, boom, we have no injunction hearing. Mr. Krum gets up today and he talks about what happened two weeks ago, which is not even in the complaint. I suspect it will be, because he'll probably amend.

THE COURT: But you know what, stock prices go up and down as the market goes.

MR. FERRARIO: That's our point.

THE COURT: And if Mr. Krum is alleging that the stock price was impacted by certain activities of the board of directors and therefore it caused damage to the company, that's an allegation I have to take on its face. Other things affect the market, too, and that's your job if we get past the motion to dismiss stage to deal with later.

MR. FERRARIO: And we demonstrated by showing Your

Honor things that you could take judicial notice of that his allegation is demonstrably false.

THE COURT: I understand your position. But I'm at the motion to dismiss stage.

MR. FERRARIO: Thank you, Your Honor.

THE COURT: All right. Mr. Krum, anything else you want to tell me?

MR. KRUM: Very briefly. Very briefly. I know where we're going. I'm not going to take too much of your time.

The reality is that a lot of money has been spent because it's been a wonderful exercise by capable lawyers at avoiding the merits. Remarkably, in December over the holidays a document was produced that was squarely responsive to exactly what it was with respect to which we were supposed to have received expedited discovery, had a preliminary injunction hearing. But even though it's an email as among all of the individual defendants, none of them produced it until December. So, you know, I take strong exception to these allegations are all false and so forth. You'll see the evidence, and it will speak for itself.

I have one very brief comment. The arguments regarding Nevada's exculpatory statute are mistaken as a matter of law. They reflect a complete and fundamental misunderstanding of the function that statute, how it came to

pass. It's patterned after the Delaware statute which was passed in response to Smith v. Gorkom, which was a case in which directors were held liable for boatloads of money for what amounted to breach of the duty of care. All the exculpatory statute does is provide that if there's only a duty of care claim not accompanied by duty of loyalty claims, which is not the case in this case, then the directors who are sued only for the breach of duty of care are not subject to monetary liability. It's a red herring in this motion, it'll be a red herring in any motion in this case given the nature of the claims. Thank you.

THE COURT: All right. Anything else?

All right. The motions denied at this stage because it is a motion to dismiss standard. You can renew it as a summary judgment motion, in which I have a different standard to deal with.

Anything else?

MR. FERRARIO: Thank you, Your Honor.

MR. KRUM: Thank you, Your Honor.

THE PROCEEDINGS CONCLUDED AT 8:50 A.M.

* * * * *

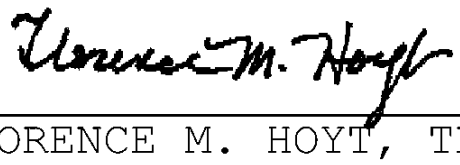
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

2/29/16

DATE

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DISTRICT COURT

CLARK COUNTY, NEVADA

CLERK OF THE COURT

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 DEPT. NO. XI Coordinated with: Case No. P-14-082942-E Dept. No. XI Jointly Administered **ORDER DENYING MOTIONS TO DISMISS FIRST AMENDED COMPLAINT**

Defendants MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN filed a Motion to Dismiss plaintiff James J. Cotter Jr.'s ("Plaintiff") First Amended Complaint (the "FAC"). Nominal defendant READING INTERNATIONAL INC. also filed its own Motion to Dismiss the FAC. Plaintiff opposed both motions. This Court, having reviewed and considered the motions, the papers filed in support and opposition to the Motions, and the pleadings on file in this case, and having heard oral argument of counsel for the parties on January 19, 2016, and good cause appearing therefor,

IT IS HEREBY ORDERED that both Motions to Dismiss are DENIED, without prejudice to any defendant's right to move this Court for summary judgment.

IT IS SO ORDERED this 25 day of February 2016.

DISTRICT COURT JUDGE

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Lewis Roca ROTHGERBER CHRISTIE
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Las Vegas, NV 89169-5996

Prepared and submitted by:

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*

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