IN THE SUPREME COURT OF THE STATE OF NEVADA

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JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Appellant, v. DOUGLAS MCEACHERN, EDWARD KANE, JUDY CODDING, WILLIAM GOULD, MICHAEL WROTNIAK, and nominal defendant READING INTERNATIONAL, INC., A NEVADA CORPORATION Respondents.	Supreme Court Case No. 75053 Consolidated with Case Nos. 76981, 77648 & 77733 District Court Case No. A-15-719860-B Coordinated with: Case No. P-14-0824-42-E

Appeal (77648 & 76981)
Eighth Judicial District Court, Dept. XI
The Honorable Elizabeth G. Gonzalez

JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981
Volume III
JA501 – JA750

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I certify that I am an employee of MORRIS LAW GROUP; I am familiar with the firm's practice of collection and processing documents for mailing; that, in accordance therewith, I caused the following document to be e-served via the Supreme Court's electronic service process. I hereby certify that on the 28th day of August, 2019, a true and correct copy of the foregoing **JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981**, was served by the following method(s):

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By: /s/ Gabriela Mercado

violence to the whole principle of advancement that this is to be determined in a summary fashion by the Court. He suggests that Mr. Cotter, Jr., is not being left out in the cold. There is a critical distinction, as this Court is well aware, between advancement and a later determination of a right to attorneys' fees. Mr. Cotter has provided an undertaking. This is no different than a mandatory requirement that Mr. Cotter be -- advance these moneys akin to equivalent to a loan. And this is in no way distortive of anything. We're using their own words in terms of the obligation, the alleged obligation to resign as a director and the fact that this arbitration revolves around that fact. Thank you, Your Honor.

THE COURT: Thank you.

The motion is denied. Here the employment arbitration is not within the scope of the bylaws reimbursement provision. So good luck. 'Bye.

Now could I go to the motion to compel. Did you get Mr. Krum's most recent supplemental privilege log that he mentioned in the opposition I read this morning?

MR. SEARCY: Your Honor, I did receive the supplemental privilege log last night, and I'd like to talk about that with the Court briefly.

We've got a pattern here, Your Honor, where we bring a motion to compel and then plaintiff submits a privilege log to us that's deficient. As we set forth in our papers, we

brought a motion to compel in March. The plaintiff was ordered to provide a proper privilege log. Plaintiff didn't. So we brought another motion to compel again in June. Plaintiff was ordered to provide a proper privilege log. Plaintiff didn't. We were promised a proper privilege log in July 12th, July 22nd, promised one again on July 26th. Now, on August 8, after discovery has ended, plaintiff has provided us with a privilege log that still fails to meet the Court's order.

And particularly, Your Honor, there are six pages' worth of entries on there that contain communications between the attorneys for T2 and the attorneys for plaintiff. And Your Honor specifically inquired of plaintiff at the hearing in June whether plaintiff recognized that there was no privilege between plaintiff and T2 concerning those communications. Specifically, at page 17, line 19, and page 18, line 5, of the hearing transcript where the Court asks, "So you recognize there's no privilege between your client and Mr. Robertson's clients' communications related to Reading?" Plaintiff's counsel responded, "I think that's the case. I know there's no joint prosecution agreement."

So now, Your Honor, we still have a privilege log that's deficient, and I'd like to be able to address the issues in that privilege log as quickly as possible with the Court. What I would --

THE COURT: Today's not the day we're going to do it.

MR. SEARCY: And that's --

THE COURT: Okay.

MR. SEARCY: You're two steps ahead of me, Your Honor, as usual. What I would like to do, Your Honor, is submit the privilege log that plaintiff has provided to us to the Court and schedule with the Court at some point at the Court's earliest convenience a call where we can go over the deficient entries in those privilege log and finally bring this issue to an end.

THE COURT: So why don't you first talk to Mr. Krum about the deficiencies in the privilege log he gave you yesterday.

MR. SEARCY: And I intend to do that, Your Honor.

THE COURT: Okay. But don't involve me till you've done that.

MR. SEARCY: But I believe if we can set up a call with the Court, then we can move that process along quickly.

THE COURT: How about you give Mr. Krum your comments first.

MR. SEARCY: All right. Thank you.

THE COURT: You never know. You may resolve them.

MR. SEARCY: Your Honor, we're looking at our fourth motion to compel on the privilege log --

THE COURT: I am aware of that.

MR. SEARCY: -- so I'm not optimistic. But I'll certainly give Mr. Krum a call.

THE COURT: Well, no. You've got to do more than that. You've got to actually talk to him.

MR. SEARCY: Absolutely.

THE COURT: Not just call. You've got to talk to him.

MR. SEARCY: And, Your Honor, if I may point out, on our third motion to compel we've done a lot of talking to Mr. Krum. In fact, Mr. Krum and I speak quite a bit.

THE COURT: Yes.

MR. SEARCY: So I don't want there to be any confusion on that point. But we --

THE COURT: I speak with you guys a lot, too, though.

MR. SEARCY: Yes, you do, Your Honor. And I'd like to -- I'd like to try and bring this issue to a head. So thank you, Your Honor.

THE COURT: Okay. Mr. Krum, anything you want to tell me?

MR. KRUM: Your Honor, I'm not going to take any of my limited time or yours to repeat what's in our papers --

THE COURT: Okay.

MR. KRUM: -- or even respond to what he said.

Unless you have questions, I have nothing to add.

THE COURT: So since you've already produced a privilege log, I'm going to require that counsel meet and confer. I would prefer an actual meeting where you actually sit down and talk about it between the two of you, but if that's not possible, a telephonic conference call where you sit down and talk about it. After you are unable to resolve your differences related to the supplemental privilege log it would be lovely if you would send it to me and we would have a conference call.

MR. SEARCY: Thank you, Your Honor.

THE COURT: Okay. So if I can go to the motion to amend.

MR. KRUM: Thank you, Your Honor.

The motion to amend raises matters learned in the course of discovery and developments that postdate the last pleading, a classic matter appropriately included in a motion to amend. The principal areas --

THE COURT: Certainly better than asking to amend according to proof at the time of trial.

MR. KRUM: Well, we were pretty proud of that, actually, Your Honor, that we got ahead of that curve. So one of those new subjects is the supposed search hiring Ellen Cotter as CEO. We raised that in our first amended complaint as best we could given that our first amended complaint

preceded the conclusion of that series of events. That subject was raised in the intervening plaintiff's claim. The defendants have taken discovery with respect to it. Had we sought to file an amended complaint, as their opposition suggests, promptly following the public announcement of it, I can just hear Mr. Ferrario saying something like, come on, Judge, is Mr. Krum going to amend the complaint every time Mr. Cotter disagrees with a board decision. So what we did is what we're entitled to do, is take discovery, learn facts, and file the pleading. Discovery, by the way, Your Honor, effectively commenced in mid April. As you'll recall, defendants delayed approximately -- the individual defendants delayed approximately five months before making a substantial production of documents.

The other -- another new subject is not new. That's Margaret Cotter is the director of real estate for New York City. This was raised in our first amended complaint based on facts we knew at the time. See, for example, paragraph 18. She was made -- given that position in March. I guess the opposition says we're therefore supposed to file an amended complaint then. But we wanted to see the documents and take some depositions; because, after all, what we knew is that the individual director defendants had previously by and large taken the position that she was not qualified for that. So obviously there were going to be documents and/or testimony

that explained why they took a different position. We took that discovery. Based on that discovery we included that in the second amended complaint.

Now, I should add, Your Honor, that counsel for the director defendants, including Ms. Conning and Mr. Rodniak, spent extensive time examining plaintiff about that, questions like, "You think it's a wrong decision to have hired Margaret Cotter; correct?" "Am I correct that if the right process was followed and they hired Margaret you would be fine with that?" On and on and on and on. So they took discovery with respect to that. There's no prejudice to anybody.

The other subject that's a new one is the offer. And that obviously is a development so recent that we could not have taken, much less completed, discovery regarding it. The response of the director defendants to the offer, Your Honor, raises exactly the issue raised in most, if not all, of the matters in the FAC, the first amended complaint, namely, entrenchment and self dealing by Ellen and Margaret Cotter and abdication of the fiduciary responsibilities by the other individual director defendants in deference to what they believe to be the wishes of Ellen and Margaret Cotter.

So this is in the first amended complaint, this kind of conduct, for example, paragraphs 1, 3, 6, 7, 9, 16, and 57. We quote Mr. Storey as saying, "As directors we can't just do what a shareholder," meaning Ellen and Margaret, "asks."

Paragraph 160 of our second amended complaint says, "Each of the non-Cotter directors in determining whether and how to respond to the offer made their respective decisions largely, if not entirely, on their understanding of what Ellen and Margaret wanted." So to respond to the individual defendants, the offer is the ultimate kind of entrenchment and abdication of fiduciary responsibilities. That is exactly the nature of every claim made in this case. That it gives rise to a different category of damages doesn't mean that it doesn't belong in the case. It's the same kind of conduct, and we're entitled to cover all of it that exists, not have some of it that closes the loop excluded from the case.

And the interested director defendants take issue with the allegations of the second amended complaint about that series of events, and to do that they cite a press release they issued. Well, interestingly enough, the second amended complaint alleges that the press release itself is misleading.

Prejudice. Delay alone without some substantive prejudice accompanying is insufficient to serve as a basis to deny a motion to amend. The circumstances with which the parties are faced here are due largely, if not entirely, to the defendants themselves. They delayed the production of documents by five months. They delayed depositions. I had to bring motions to compel before they even scheduled

depositions. We've run around the country for three straight months in places where neither Mr. Ferrario nor his partners nor I live deposing these people. We're not still not finished. We have five depositions that haven't been completed, some of them even started, one of which is Mr. Tompkins, for whom I've been asking since mid May. Mr. Ferrario I believe made good-faith efforts to produce him. Mr. Tompkins since hired his own counsel and tell me there are going to be privilege issues they're going to have the Court resolve before he'll be produced.

The document production, by the way, has been ongoing. Since the April production of the 20,000 documents -- 20,000 pages by the individuals they've produced 15.

Last comment, the second amended complaint pleads as to each matter on which a claim is based, demand futility. Thank you, Your Honor.

THE COURT: Thank you.

Mr. Ferrario.

MR. FERRARIO: Your Honor, I'm going to cut to the chase on behalf of the company. This case has been a tremendous drain on company resources, as Your Honor can imagine. I mean, just harvesting documents --

THE COURT: I've been trying to get this case moving for almost a year.

MR. FERRARIO: Well, it has been.

THE COURT: You guys are poky.

MR. FERRARIO: No. I would take issue with that. We are essentially done with --

THE COURT: I tried to set a preliminary injunction hearing to resolve all these issues a year ago.

MR. FERRARIO: It wasn't me, Your Honor. That wasn't me, as you recall, okay. We asked what was the -- what were the issues that were going to be resolved, and Mr. Krum couldn't even articulate that.

So here's what -- here's where we're at. We have like four mop-up depositions to do. Two I think -- we have like an hour with Doug McEachern, and we have a half a day with the plaintiff, we have a half a day with Mr. Adams. Those are all in the process of being set.

Mr. Tompkins's deposition will go forward. We proposed a number of dates. Mr. Santoro's representing him. That shouldn't get in the way, okay.

The real issue is do we allow a change in the complexion of the case at this late date. There are certain claims that Mr. Krum articulated that have been in the case via the T2 complaint. Now, that case is in the process of hopefully being resolved. We have a hearing in front of Your Honor October 6th. So have there been questions raised in the complaint about hiring Ellen Cotter, have there been questions raised in -- not in the complaint, in the case about Margaret

Cotter? Yes. Those were part of the T2 action in large part. But what's missing here from what is now essentially an employment case if Your Honor doesn't allow the amendment -- because that's really all it was. Mr. Krum himself said this was an equitable case so that his client could get reinstated. Now they're trying to take over the claims that were previously being prosecuted by T2. T2 has said, hey, we take a look at this, there's no reason to move forward. Now they want to basically take those claims and take them to the finish line. So from our perspective it does change the dynamic here. And what Mr. Krum didn't address is the fact that many of these claims that he wants to now bring arose after there was a significant change in the board. We have two new board members.

His demand futility allegations fall as a matter of law. You don't -- you can't say that Ms. Cotting is incapable of making a decision because she is the friend of the mother of his client, who also happens to be the mother of his two sisters. I don't think that satisfies -- which I haven't seen the case where friendship alone disqualifies you from making an independent decision when a demand is placed upon you. And that's really what's missing from his complaint, his proposed amended complaint.

So I can go through this, I can hack it all up, I can tell you when Rodniak was on the board, we can do all

that. He talks about serial amendment. His client essentially gripes and challenges every decision made by the board, okay. So I suspect we'll be doing this again close to trial. We addressed this the last time we were here when I said, so, you know, is this just going to keep going with discovery, do we just keep opening depositions, do we go back now every time we make a decision and redepose somebody. At some point you have to have some structure to these proceedings. The structure comes from a demand to the board. That's the first thing.

So having said all that, because I know Your Honor's read this and you probably have your mind made up and I'm making record, here's what the company can't afford to have happen. We cannot afford to have a delay in these proceedings. They are a drain on company assets. This needs to be resolved. And if Your Honor does allow the amendment, we do not want there to be any delay in the trial. And --

THE COURT: It's set for November.

MR. FERRARIO: Which is set for November. So there's plenty of time --

THE COURT: Absolutely.

MR. FERRARIO: -- for us to accommodate whatever we have to do --

THE COURT: And any motion practice you need to do.

MR. FERRARIO: If Your Honor is so inclined to allow

us that, yes, we can do all the motion practice --

THE COURT: Of course. You always get motion practice.

MR. FERRARIO: -- we can do all the motion practice we need to do. But in terms of -- and this is going to be addressed on Thursday. I will not be here. I'd prefer to have that hearing set for Friday, if we could. I have to be out state in a deposition.

THE COURT: Everybody okay with moving the hearing Thursday to Friday? Everybody nodded their head okay.

MR. KRUM: Your Honor, I don't know. I'm flying out on Friday. I do not know what time.

THE COURT: My hearings start at 8:30 on Friday.

MR. KRUM: I just need to check, Your Honor. I don't know.

THE COURT: Okay. Will you check?

MR. KRUM: Of course.

MR. FERRARIO: So I -- you know, I can slice this up. Mr. Searcy can talk to you about what's in his pleadings.

THE COURT: Well, but you used all the time.

MR. FERRARIO: Well --

THE COURT: He doesn't have any time left.

MR. FERRARIO: Give him a little bit. Look, this is -- look, with all due respect, Judge, this is a really serious matter, and we --

THE COURT: I know it is, Mr. Ferrario.

MR. FERRARIO: -- we have worked very hard --

THE COURT: But do you remember what the standard is for me allowing amendments?

MR. FERRARIO: Your Honor, this is different. I know what the standard is for amendments, and I knew where you were headed when you said at least we're not doing this at trial. But I think here when you have a derivative case there is a different element that comes into play. This isn't a PI-type case or a simple auto case or breach of contract case where you might find another related claim. This is a derivative claim. And the predicate for any derivative claim is a demand upon the board. And we've had some significant changes to the complexion of the board going forward. It isn't the same board that existed in the summer of 2015. New people were added, people that don't have some of the same issues that the other directors had, people that don't have, you know, 50-year friendships, as he's alleged, things that we think are irrelevant at any rate and more than happy to address. But it is a different dynamic here.

So from the company's perspective if Your Honor does allow the amendment we would request that we maintain the trial date. And we will work with whatever deadlines. And Your Honor knows that I will do that, having lived through CityCenter, where there were some very difficult deadlines.

We will work with any deadlines that Your Honor imposes so long as we can get this case to the finish line in November.

THE COURT: Thank you.

You may have a minute and a half, Mr. Searcy.

MR. SEARCY: Your Honor, thank you.

I just want to emphasize a point Mr. Ferrario made and that was made by Mr. Krum but is incorrect. That's the notion that somehow the director defendants delayed in providing discovery. In fact, Your Honor, we produced documents well in advance of depositions. As we set forth in page 11 of our brief, Your Honor, we provided Ellen Cotter for three days of deposition, Margaret Cotter for three days of deposition, Ed Kane for four days of deposition.

THE COURT: See, it's less effective for you guys to tell me the history of discovery when I'm doing all my own discovery, because I remember how many times you guys have been in here fighting. Anything else?

MR. SEARCY: Well, Your Honor, but the point is that my clients have done this in an effort to make that November trial date. So I --

THE COURT: We're going to make the November trial date. That's not the issue. Anything else?

MR. SEARCY: And, Your Honor, thank you. I don't need the rest of my time.

THE COURT: All right. The motion to amend is

granted. I find that demand would be futile on the board under the circumstances. However, that does not preclude you from filing a motion to dismiss once it's filed relating to the other issues.

Anything else?

MR. FERRARIO: No. Thank you, Your Honor.

THE COURT: All right. So, Mr. Krum, can you tell us if you can come Friday?

Could you wait a minute while I do the last page and then I go back to --

(Pause in the proceedings)

THE COURT: Okay. Mr. Krum, what'd you find out?

MR. KRUM: The answer's yes. I can do that Friday morning.

THE COURT: Okay. So we'll see you guys at 8:30 Friday morning. The things that are on Thursday will be Friday. Whatever is on Thursday is now on Friday. That's --

MR. FERRARIO: There was one -- the motion to --

MR. KUTINAC: It was just signed yesterday, so it might not be in the system yet.

MR. FERRARIO: It was a motion to continue trial.

THE COURT: What?

MR. FERRARIO: I'd as soon deal with it now so she doesn't [inaudible].

THE COURT: I haven't read it, but you know what I'm

going to do.

MR. FERRARIO: I know. That's what I told Mr. Krum. He's made his record.

THE COURT: No.

MR. KRUM: That was my response, as well.

MR. FERRARIO: Okay. All right. Friday?

THE COURT: So if you guys can come Friday, I'll see you then.

MR. FERRARIO: 8:30?

MR. KRUM: Friday at 8:30 will work.

MR. FERRARIO: Thank you, Your Honor.

THE COURT: Anything else? Have a lovely day. 'Bye.

THE PROCEEDINGS CONCLUDED AT 9:30 A.M.

* * * * *

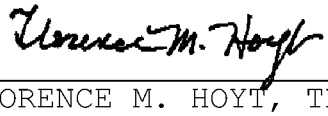
CERTIFICATION

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

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

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

Coordinated with:

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

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

Jointly administered

~~[PROPOSED]~~ SECOND AMENDED VERIFIED COMPLAINT

[Business Court Requested: [EDCR 1.61]

[Exempt From Arbitration: declaratory relief requested; action in equity]

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TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

For his complaint herein, plaintiff James J. Cotter, Jr. hereby alleges the following:

NATURE OF THE CASE

1. This action arises from breaches of fiduciary duty by the individual defendants, each of whom is a member of the board of directors of Reading International, Inc. ("RDI" or the "Company"), a public company. In particular and without limitation, Edward Kane ("Kane"), Guy Adams ("Adams") and Douglas McEachern ("McEachern"), together with Ellen Cotter ("EC") and Margaret Cotter ("MC") (collectively, the "Interested Director Defendants"), acted to wrongfully seize control of RDI and to perpetuate that control, to protect and further their personal financial and other interests, in purposeful derogation of their fiduciary obligations as directors of RDI. In doing so, they have squandered if not appropriated corporate opportunities, wasted corporate assets and caused monetary and nonmonetary injury to RDI and its shareholders.

2. These director defendants first threatened James J. Cotter, Jr. ("JJC" or "Plaintiff") with termination as President and Chief Executive Officer ("CEO") of RDI if he failed to resolve trust and estate litigation with EC and MC on terms acceptable to the two of them and to cede control of RDI to them. They threatened to terminate JJC on less than forty-eight (48) hours' notice after EC belatedly provided a purposefully vague agenda for a supposed special meeting. When they understood that Plaintiff had acquiesced to their demand and had reached an agreement with EC and MC acceptable to the two of them, Kane, Adams and McEachern did not act on their termination threat.

3. Next, when JJC failed to consummate a resolution of the disputes with EC and MC, these director defendants acted on their threat and terminated JJC as President and CEO of RDI.

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These director defendants acted without undertaking any semblance of a process to warrant making any decision regarding the status of JJC (or anyone) as President and CEO, and did so in the face of express admonitions by outside directors Timothy Storey ("Storey") and William Gould ("Gould") that the directors had failed to undertake any process that would warrant making any decision about the status of the President and CEO of RDI, much less the decision to remove JJC as President and CEO of RDI. Gould warned the others that, because they had undertaken no process to warrant even making such a decision, they all could be subject to liability. Storey called the lack of process a "kangaroo court," and observed as to the non-Cotter directors that, "as directors we can't just do what a shareholder [, meaning EC and MC,] asks." Not only did these director defendants precipitously terminate JJC as President and CEO of RDI without undertaking any process and on purposefully inadequate notice, they pre-empted and aborted an ongoing and incomplete process that the five non-Cotter directors had put in place in March 2015.

4. Immediately following the termination of JJC as President and CEO of RDI, EC asserted that JJC's executive employment agreement required him to resign from the RDI Board of Directors upon the termination of his employment as an executive. That assertion was erroneous. Gould, who drafted and negotiated that employment agreement, told the RDI Board and told EC and Craig Tompkins on a separate occasion that it did not require JJC to resign as a director. On or about June 15, 2016, EC on behalf of the Company sent JJC a letter reiterating the assertion that he was required to resign as a director upon the termination of his executive employment. On or about June 18, 2015, the Company issued a Form 8-K which, among other things, reiterated that assertion. EC took and caused these actions with the approval of if not active assistance of the other Interested Director Defendants.

5. Kane has a decade's long *quasi*-familial relationship with EC and MC, who call him "Uncle Ed." Adams is financially dependent on income from companies and deals that EC and MC control. What each of Kane, Adams and McEachern did was to choose sides in family disputes between EC and MC, on one hand, and JJC, on the other hand, which disputes included certain trust and estate litigation commenced by EC and MC against JJC following the September 2014 passing of their father, James J. Cotter, Sr. ("JJC, Sr."), particularly regarding voting control

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of RDI, and included disputes about whether EC and MC would report to their "little brother," who succeeded JJC, Sr. as CEO of RDI, or to anyone, as a practical matter.

6. EC and MC have at all times acted purposefully to protect and further their own personal financial and other interests to the detriment of RDI and all of its shareholders other than them. They regularly sought, and often received, money, benefits, titles, positions and/or promotions they would not have received but for their status as potential controlling shareholders, including EC being appointed and compensated as CEO in January 2016 and MC being appointed and compensated as Executive Vice President-Real Estate Management and Development-NYC ("EVP-RED-NYC") in March 2016.

7. Since wrongfully seizing control of RDI, each of the Interested Director Defendants also have engaged in a systematic misuse of the corporate machinery of RDI. They have done so to preserve and perpetuate their control of RDI. They also have acted to further their own financial and other interests. Since joining the RDI Board of Directors, defendants Judy Codding ("Codding") and Michael Wrotniak ("Wrotniak") also have acted to protect and advance the personal interests of EC and MC, and their own as well. All such complained of actions were in derogation of these defendants' fiduciary duties to RDI and its shareholders.

8. The Interested Director Defendants effectively eliminated Plaintiff, Storey and Gould as functioning members of RDI's Board of Directors by, among other things, a purported executive committee of RDI's Board of Directors. The executive committee ("EC Committee") was populated by EC, MC, Kane and Adams. The EC Committee purportedly possesses the full authority of RDI's full Board of Directors. Gould has acquiesced to if not cooperated with the ongoing self-dealing of these five defendants, who forced Storey to "retire" as a director and added to the Board unqualified persons loyal to EC and MC by virtue of pre-existing personal friendships, namely, Codding and Wrotniak.

9. EC with the approval if not assistance of other director defendants has withheld and manipulated board agendas and meetings, including by belatedly providing a vague agenda for the May 21, 2015 supposed special meeting, and has withheld and manipulated minutes of Board of

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Directors meetings, including the supposed meetings of May 21 and 29 and June 12, 2015. They did so in an effort to conceal their fiduciary breaches and avoid liability for such breaches.

10. On or about September 17, 2015, EC and MC acted to exercise a supposed option claimed held by the estate of JJC, Sr. (the "Estate"), of which they are executors, to acquire 100,000 shares of RDI Class B voting stock. On or about September 21, 2015, Kane and Adams, as directors and as members of the Compensation Committee, authorized the request of EC and MC that the Estate be allowed to exercise that supposed option. In doing so, Kane and Adams breached their fiduciary duties, including for the reasons alleged herein.

11. EC on or about October 5, 2015 proposed adding Codding, a close and long-standing friend of the mother of the Cotters, Mary Cotter, with whom EC lives, to RDI's Board of Directors. Without performing or causing competent, basic due diligence, Kane, Adams and McEachern agreed. So did Gould, though he had learned of Codding only days prior. Codding has no expertise in either of RDI's principal business segments, cinema operations and real estate development, and has no public company corporate governance expertise. Plaintiff is informed and believes that Codding was selected because she is expected to be loyal to EC and MC.

12. EC and MC determined that Storey would not be nominated to stand for reelection as a director at the 2015 ASM, which had been set for November 10, 2015. Plaintiff is informed and believes that this decision was made in part because Storey had insisted that the RDI Board of Directors act to protect and further the interests of all shareholders, not just EC and MC. Kane, Adams and McEachern, purporting to act as a one time special nominating committee, agreed to and implemented the decision of EC and MC to not nominate Storey to stand for reelection as a director at the 2015 ASM. Adams and/or McEachern pressured Storey to "retire." The supposed nominating committee, acting at the direction and request of EC and MC, then selected Wrotniak to replace Storey. Wrotniak does not have expertise in either of RDI's principal business segments, cinema operations and real estate development, and has no public company corporate governance experience. Wrotniak's wife is a long-time, close personal friend of MC. Plaintiff is informed and believes that Wrotniak was chosen because MC and EC expect him to be loyal to them.

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13. As an integral part of their scheme to seize control of RDI and to perpetuate their control of RDI to further their personal financial and other interests, EC and MC systematically failed to make timely and accurate disclosures and SEC filings they were required to make, and systematically made materially misleading if not inaccurate disclosures, including as alleged herein. EC and MC, with the active assistance or at least knowing acquiescence of Kane, Adams, McEachern and Gould, as well as Codding and Wrotniak after they became RDI directors, also caused the Company to make materially misleading if not inaccurate disclosures, including in the Proxy Statements issued by the Company in connection with the 2015 Annual Shareholders Meeting and the 2016 Annual Shareholders Meeting, and in Form 8-Ks issued regarding the matters alleged herein, including as alleged herein.

14. Promptly following the termination of JJC as President and CEO, EC was appointed interim CEO. EC selected Korn Ferry as the outside search firm the Company would use to conduct the search for a permanent CEO. A stated rationale for that selection was that Korn Ferry would employ a proprietary candidate evaluation process to evaluate the finalists. The three finalists each were to be interviewed by the full board of directors. EC appointed MC, McEachern and Gould as members of the CEO search committee. Members of the search committee and certain executives selected by EC and MC provided input to Korn Ferry, which prepared a document listing specifications which were used to identify CEO candidates. Months later, just prior to initial interviews of CEO candidates, EC allegedly announced that she was a candidate to be President and CEO and resigned from the search committee, for which she had acted as chairperson. McEachern and Gould allowed MC to remain on the committee and proceeded with candidate interviews. After interviewing EC, however, they agreed with MC to abort the search process and agreed to have Korn Ferry not perform the proprietary candidate evaluations of finalists it had been engaged to perform and not to present the three finalist candidates to the full board to be interviewed. MC, McEachern and Gould presented EC to the full Board of Directors as the choice for CEO, which the individual director defendants approved with little if any deliberation, after having not participated in nor been kept apprised of CEO search activities for months prior.

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15. On or about March 10, 2016, MC was appointed EVP-RED-NYC. In that position, MC became the senior executive at RDI responsible for the development of its valuable New York City properties often referred to as Union Square and Cinemas 1, 2 & 3 (the "NYC Properties"). However, MC has no real estate development experience. She is demonstrably unqualified to hold that senior executive position. As EVP-RED-NYC, MC was awarded a compensation package that includes a base salary of $350,000 and a short-term incentive target bonus of $105,000 (30% of her base salary), and was granted a long-term incentive of a stock option for 19,921 shares of Class A Common Stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan. Additionally, the Compensation Committee, consisting of Adams, Kane and Codding, and the Audit and Conflicts Committee, comprised of Kane, McEachern and Wrotniak, in or about March 2016 each approved so-called "additional consulting fee compensation" of $200,000 to MC. In effect, MC was given a $200,000 gift. The Compensation Committee also recommended and the RDI Board of Directors (meaning all of the individual director defendants) also approved payment of $50,000 to Adams for what subsequently was described as "extraordinary services provided to the Company and devotion of time in providing such services." These after-the-fact payments in effect were gifts.

16. On or about May 31, 2016, third parties unrelated to the Cotters made an unsolicited all cash offer to purchase all of the outstanding stock of RDI at a purchase price of $17 per share. That was approximately thirty-three percent (33%) in excess of the prices at which RDI stock was trading at the time. None of the individual director defendants engaged independent counsel or a financial advisor to advise them with respect to the offer. Nor did they undertake any other independent actions to make an informed, good faith determination of how to respond to the unsolicited offer. Instead, they deferred to EC, who allowed the response date in the offer to pass and who subsequently reported to the full Board of Directors orally that internal management had generated a supposed valuation of the Company, which valuation pegged the value of the company at well in excess of both the price at which RDI stock traded and the above market price the third parties offered to buy all outstanding RDI stock. The individual director defendants agreed that the offer was inadequate and agreed to not pursue the offer.

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PARTIES

17. Plaintiff James J. Cotter, Jr. (JJC) is and at all times relevant hereto was a shareholder of RDI. JJC also has been a director of RDI since on or about March 21, 2002. Involved in RDI management since mid-2005, JJC was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. He was appointed CEO by the RDI Board on or about August 7, 2014, immediately after JJC, Sr. resigned from that position. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. JJC presently owns 770,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock, and is co-trustee and beneficiary of the James J. Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539 shares of RDI Class A (non-voting) stock and 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

18. Defendant Margaret Cotter (MC) is and at all times relevant hereto was a director of RDI. MC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure control of RDI Class B stock sufficient to elect RDI's directors. MC became a director of RDI on or about September 27, 2002. MC is the owner and President of OBI, LLC, a company that provides theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. Commencing in or before the Fall of 2014, MC sought to become an employee of RDI. In particular, MC sought to be the senior person at RDI responsible for development of highly valuable real estate in New York City owned directly or indirectly by RDI, *i.e.*, the NYC Properties. MC opposed the hiring of a senior executive experienced in real estate development. EC with the approval and active assistance of the other individual defendants on or about March 10, 2016, made MC EVP-RE-NYC. As such MC is the senior person at RDI directly responsible for development of the NYC Properties. MC had and has no real estate development experience.

19. Defendant Ellen Cotter (EC) is and at all times relevant hereto was a director of RDI. EC is engaged in trust and estate litigation against JJC, by which she seeks, among other

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things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure control of RDI Class B voting stock sufficient to elect RDI's directors. She became a director of RDI on or about March 13, 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. EC was appointed interim CEO on or about June 12, 2015 and was appointed CEO in January 2016.

20. Defendant Edward Kane (Kane) is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately October 15, 2009. By Kane's own admission, he was made a director of RDI because he was a friend of JJC, Sr., the now deceased father of JJC, EC and MC. By Kane's own admission, he neither had nor has skills or expertise to add value as a director of RDI, except possibly with respect to certain tax matters. Kane has sided with EC and MC in their family disputes with Plaintiff, launching vicious *ad hominem* attacks against those such as Gould who have expressed unfavorable opinions relating to either or both MC and EC, and lecturing JJC about how he (Kane) is implementing Corleone ("Godfather") style family justice in dealing with JJC. Nevertheless, Kane has acknowledged that JJC is the person most qualified to be CEO of RDI. Kane sold all of the RDI options he then owned on or about May 27, 2014.

21. Defendant Guy Adams (Adams) is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI on or about January 14, 2014. Almost all of Adams' recurring income is paid to him by Cotter family businesses over which EC and MC exercise control. For that reason, among others, Adams is financially dependent on EC and MC. For those reasons and others, including that Adams has a financial interest in assets controlled directly or indirectly by EC and/or MC, Adams was and is not a disinterested director for the purposes of any decision to terminate JJC as President and CEO of RDI or any other decision of interest to EC and/or MC, including matters relating to their compensation. Adams sold all of the RDI options he then owned on or about March 26, 2015. He was paid $50,000 for reported "extraordinary services provided to the Company and devotion in time in providing such services" in or about March 2016, and had been granted options only a few months earlier. Until he resigned in or about May 2016, Adams was at all relevant times a member of the RDI Board of

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Directors Compensation Committee.

22. Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI on or about May 17, 2012. McEachern acted to protect and preserve his personal interests, and chose the side of EC and MC in their family disputes with JJC, including by agreeing as an RDI director to threaten and to terminate JJC as President and CEO of RDI, and thereafter by misusing his position as a director to protect and further the personal interests of EC and MC, as well as his own, purposefully acting in ways he knew were detrimental to RDI and its public shareholders, including by pressuring Storey to resign from RDI's Board of Directors.

23. Defendant William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould was appointed a director on or about October 15, 2004. Gould approved minutes for the board meetings at which the subject was the termination of JJC as President and CEO, which minutes Gould knew to contain inaccuracies. Gould failed to cause the Company to correct the materially misleading if not inaccurate Form 8-K filed on or about June 18, 2015. Gould effectively abdicated his responsibilities as a director, including by acceding to the EC Committee, agreeing to the appointment of unqualified persons to the RDI board following effectively no deliberation by him and by participating in the CEO search, which was aborted if not manipulated.

24. Defendant Judy Codding (Codding) at all times relevant hereto was and is an outside director of RDI. Codding became a director of RDI on or about October 5, 2015. Codding supposedly was elected to fill a board seat that had been vacant since August 2014. Codding has never served as the director of a public company and possesses no personal experience in either of RDI's principal businesses, real estate development and cinemas. Plaintiff is informed and believes that Codding was selected by EC and added to the RDI Board of Directors because of Codding's long-standing personal relationship with Mary Cotter, with whom EC now lives. Codding as a director of RDI has acted to advance and protect the personal interests of EC and MC, to the detriment of other RDI shareholders, including by voting to make EC CEO after the CEO search process was aborted, by voting to make MC EVP-RED-NYC, by voting to

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provide MC with what amounted to a $200,000 gift, and by her acts and omissions in response to an offer by a third-party to purchase all of the stock of RDI at a cash price above which it trades in the open market.

25. Defendant Michael Wrotniak (Wrotniak) at all times relevant hereto was and is an outside director of RDI. Wrotniak became a director of RDI on or about October 12, 2015. Wrotniak was elected to fill a board seat that had been vacated by the supposed retirement of former RDI director Tim Storey on October 11, 2015, which so-called retirement in fact was precipitated by EC and MC, with the supposed special nominating committee giving Storey the choice of resigning and receiving a severance package or simply not being nominated to stand for reelection. Wrotniak has never served as a director of a public company and possesses no expertise in either of RDI's principal businesses, real estate development and cinemas. Plaintiff is informed and believes that Wrotniak was added to the RDI Board of Directors because of Wroniak's wife's long-standing close personal relationship with MC. Wrotniak as a director of RDI has acted to advance and protect the personal interests of EC and MC, to the detriment of other RDI shareholders, including by voting to make MC EVP-RED-NYC, by voting to provide MC with what amounted to a $200,000 gift, by voting to make EC CEO after the CEO search process was aborted, and by his acts and omissions in response to an offer by a third-party to purchase all of the stock of RDI at a price above which it trades in the open market.

26. Nominal defendant Reading International, Inc. (RDI) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange Commission (the "SEC"), an internationally diversified company principally focused on the development, ownership and operation of entertainment and real estate assets in the United States, Australia and New Zealand. The Company operates in two business segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real estate, including real estate development and the rental of retail, commercial and live theater assets. The Company manages world-wide cinemas in the United States, Australia and New Zealand. RDI has two classes of stock, Class A stock held by the investing public, which stock exercises no voting rights, and Class B stock, which is the sole voting stock with respect to the election of directors. An overwhelming majority

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(approximately eighty percent (80%)) of the Class A stock is legally and/or beneficially owned by shareholders unrelated to JJC, EC and MC. Approximately seventy percent (70%) of the Class B stock is subject to disputes and pending trust and estate litigation in California between EC and MC, on the one hand, and JJC, on the other hand, and a probate action in Nevada. Of the Class B stock, approximately forty-four percent (44%) is held in the name of the Trust. RDI is named only as a nominal defendant in this derivative action.

27. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants named and identified herein as Does 1 through 100, inclusive, are currently unknown to Plaintiff. Plaintiff, therefore, sues said Defendants by such fictitious names and will amend his Complaint to show their true names and capacities upon ascertaining the same. Upon information and belief, each of the Defendants sued herein as Doe has some responsibility for the damages arising as a result of the matters herein alleged.

ALLEGATIONS COMMON TO ALL CLAIMS

General Background

28. Since approximately 2000, and until he resigned as Chairman and CEO of RDI on or about August 7, 2014, James J. Cotter, Sr. (JJC, Sr.) was the CEO and Chairman of the Board of Directors of RDI. Additionally, JJC, Sr. (according to RDI filings with the SEC, among other things) through the Trust controlled approximately seventy percent (70%) of the Class B voting stock of RDI. As such, JJC, Sr. unilaterally selected and elected the board of directors.

29. For all intents and purposes, JJC, Sr. ran the Company as he saw fit, without meaningful oversight or input from the board of directors. According to Kane, JJC, Sr. "did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements." Kane himself acted as if his job as a director was to protect and further the interests of his life-long friend and benefactor, JJC, Sr., not to protect and further the interests of RDI and its shareholders. With the passing of JJC, Sr., Kane also acknowledged that it was "time to change this approach and appoint individuals that could offer solid advice and counsel, such as some NYC real estate people and/or NYC people with political know-how that we might need if we are to develop our valuable assets there."

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30. Recognizing JJC, Sr.'s control of the Company, the board asked that he provide them with a succession plan. He did so in or about December 2006, and the RDI board implemented it. The succession plan was to have JJC assume JJC, Sr.'s position when JJC, Sr. retired or passed, as the case may be.

31. Since 2005, JJC was involved in most RDI executive management meetings and privy to most significant internal senior management memos. JJC was appointed Vice Chairman of the RDI board in 2007. The RDI board appointed JJC President of RDI on or about June 1, 2013, which responsibilities he filled without objection by the RDI board of directors.

32. On or about September 13, 2014, JJC, Sr. passed. Soon thereafter, trust and estate litigation was commenced by his daughters, MC and EC, against JJC, which litigation involved the issue of whether MC or JJC, or both, would serve as trustees of the voting trust that controlled or would control the RDI voting stock previously controlled by JJC, Sr., among other things.

33. As President and CEO of RDI, JJC alienated his sisters because he acted to protect and further the interests of RDI and all of its shareholders, repeatedly rebuffing the efforts of MC and EC to advance their own interests, as well as efforts by Kane and others to protect and further the interests of MC and EC, as well as their own interests, all to the detriment of the Company and its other shareholders. For example, JJC questioned and/or rejected purported expenses EC and MC sought to have RDI pay. In one instance, EC attempted to charge RDI for an expensive Thanksgiving dinner with her mother, sister and sister's children, which effort Plaintiff rejected. In another instance, MC sought to charge RDI for certain expenses of her father's funeral.

34. JJC insisted that RDI employ an executive with experience in real estate development to be the senior person at RDI overseeing RDI's domestic real estate development business, including the NYC Properties. MC resisted. MC wanted to be employed by RDI and to secure lucrative compensation and/or benefits she otherwise would not receive. MC wanted to be the senior person at RDI responsible for development of the NYC Properties. However, she is unqualified to do so. MC has no real estate development experience.

35. Frustrated by Plaintiff's refusal as President and CEO to accede to their demands for titles, positions, promotions, employment contracts and money from RDI, and with MC in

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jeopardy of losing her lucrative consulting arrangement to manage live theater operations due to the Orpheum Theatre debacle described herein, MC and EC agreed to act together and acted to protect and advance their personal interests by seizing and acting to perpetuate control of RDI. To that end, EC secured the agreement of defendants Kane, Adams and McEachern to choose sides in their family dispute with JJC.

36. Kane, Adams and McEachern threatened Plaintiff with termination unless he resolved his disputes with EC and MC on terms dictated by the two of them. When they understood that Plaintiff had acquiesced, they relented. When they learned that he had not acquiesced, they fired Plaintiff as President and CEO of RDI and thereafter acted to perpetuate their control of RDI.

EC and MC Act To Further Their Own Interests; Kane Assists and Does Too

37. Soon after JJC, Sr. passed, EC sought an employment agreement and a promotion. Plaintiff is informed and believes that EC did so in part because she was fearful that JJC, acting to protect and further the interests of the Company, would fire her, notwithstanding the fact that he had never expressed any intention of doing so. Soon after JJC, Sr. passed, EC also sought a raise. The claimed impetus for the requested raise was to qualify for a loan on a Laguna Beach, California condominium.

38. Kane, who has a decade's long quasi-familial relationship with each of MC and EC, who call him "Uncle Ed," acted to ensure that EC would obtain the loan she sought, described above. To that end, Kane, purporting to act as chairman of the RDI Compensation Committee, signed a letter on RDI letterhead to EC's lender that represented that the Committee "anticipate[d] a total cash compensation increase of no less than 20%" for EC "effective no later than January 1, 2015." Despite JJC pointing out that sending such a letter to EC's bank was inappropriate, EC executed the letter on behalf of Kane.

39. Also, in October 2014, Kane prompted the RDI board to provide EC a "bonus" of $50,000, on account of a supposed error by the Company in connection with the issuance of RDI stock options EC had exercised in 2013. No other similarly situated RDI executive received such a "bonus," which was tantamount to a gift or other unearned compensation given to EC from the

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coffers of RDI. With EC as interim CEO and now CEO, the Company, EC and McEachern have taken the opposite position with JJC.

40. Separately, commencing shortly after JJC, Sr.'s death on September 13, 2014, Kane began pressing Plaintiff as President and CEO to recommend to the RDI board, and thereby effectively approve, increases in directors' fees and consideration paid to Kane and other outside board members. Kane and the other outside directors were successful in increasing their compensation, including by way of supposed one-time and/or special fee awards, including as alleged herein.

MC And EC Bring Cotter Family Disputes To RDI

41. Notwithstanding the fact that Plaintiff had been President of RDI since 2013, notwithstanding the fact that JJC, Sr. and the RDI board had implemented a succession plan pursuant to which Plaintiff would succeed JJC, Sr. as CEO of RDI after substantial preparation, and notwithstanding that JJC, Sr.'s testamentary disposition memorialized to EC and MC his intention that JJC serve as President of RDI, MC and EC resisted and sought to avoid reporting to JJC. For example, EC in October 2014 sought to have EC and MC report to an executive committee, not Plaintiff as CEO. Later, when Plaintiff as CEO of RDI sought to engage in substantive communications with MC about the live theater business for which she was responsible, MC refused to have substantive communications with Plaintiff about such matters.

42. The non-Cotter board members, faced with the personal disputes MC and EC had with JJC, including the pending trust and estate litigation, took steps to protect and enhance their personal interests. The RDI board of directors on January 15, 2015 determined to purchase a directors and officers insurance policy (which it never had before) with a limit of $10 million. At the time, they also determined that stock option grants to individual directors made previously would vest immediately and further determined that January 15, 2015 would be the date on which to establish the stock price for option purposes.

43. In a private session of the non-Cotter directors on January 15, 2015, they discussed and agreed upon a course of action put forth by EC and MC which initially was proposed to be the first two paragraphs quoted below, but after discussion became all three. They resolved and

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approved, with Plaintiff, EC and MC abstaining, as follows:

> "The CEO [,JJC,] cannot terminate the employment of Ellen Cotter unless a majority of the independent directors concur with the CEO's recommendation to terminate Ellen Cotter;
>
> The CEO [,JJC,] cannot terminate the existing Theater Management Agreement of Ms. Margaret Cotter unless a majority of the independent directors concurs with the CEO's recommendations to terminate such Theater Management Agreement; and
>
> The CEO [,JJC,] cannot be terminated without the approval of the majority of the independent directors."

JJC Succeeds As President And CEO; MC And EC Continue To Object

44. Plaintiff's work as CEO was recognized as successful by the stock market. RDI stock was trading at $8.17 per share when Plaintiff became CEO but, by approximately the end of 2014, had traded as high as $13.26 per share and, in the Spring of 2015, traded at over $14.45 per share.

45. One analyst described the successes of JJC as President and CEO as follows:

> Management Catalysts
> RDI has historically suffered from a control discount. The dual class structure created a situation where the Cotter family owned approx. 30% of outstanding shares, but 70% of class B voting stock. James Cotter Sr., the longtime CEO, made little effort to promote the company and was slow to monetize assets and unlock the value even though he did acquire assets smartly and did a good job of operating the business. Over the past two years, asset monetization has moved ahead and seems to be a sign of things to come. In early August, James Cotter, Sr., resigned from serving as the Company's Chairman and CEO and recently passed away. Cotter's son Jim has taken over the CEO position. We think that Jim has already been a positive influence in terms of value realization during the last year. We believe that Jim was instrumental in pushing not only the sales of important Australian assets, but also the share buyback. He is also seeking other ways to increase value (e.g. considering ways to further monetize the Angelika brand). We expect the stock will move much closer to fair value once definitive announcements are made around the New York City assets and other smaller asset monetization announcements in the next 12 months. The two New York assets discussed have appreciated significantly in recent years and are a part of the value here. It is also worth noting that RDI also owns other valuable, underutilized real estate (including Minetta Lane Theater, Orpheum Theater, Royal George in Chicago, etc.) that could ultimately be redeveloped and create incremental value for shareholders.

46. After meeting JJC in person in October 2014, one large stockholder commented, "I

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came away from our meeting with a firm view that you care about shareholders and that both you and us will be nicely rewarded over time…I intend to remain a long-term partner. I am confident that if you continue to buy back stock and the investment community begins to believe that you, as a leader, will act in the best interests of shareholders, the stock price will be considerably higher." The stock price did move considerably higher.

47. On June 1, 2013, when JJC was appointed President of RDI, the stock price was only $6.08 per share. By May 31, 2015, The Street Ratings upgraded their recommendation of RDI to a "buy" or "purchase." On June 4, 2015, RDI Class A stock traded in the public marketplace as high as $14.45 per share.

48. MC and EC objected to Plaintiff's on-going, successful efforts as President and CEO of RDI which, though in the best interests of all RDI shareholders, including the public non-Cotter family shareholders, were viewed by MC and EC as not in their personal interests. MC and EC have preferred that the price at which RDI Class A stock traded be artificially depressed and preferred that the conduct of the Board and senior management not be scrutinized.

49. By their actions and statements, including but not limited to their demands for additional compensation and employment agreements, MC and EC made clear that their personal interests were paramount, and that they would act to protect and further their personal interests, to the detriment of the interests of RDI and its other shareholders.

JJC Complies With Board Processes, MC And EC Prompt The Termination of Such Processes

50. In March 2015, the non-Cotter directors appointed director Storey to function as their representative or ombudsman to work with JJC as CEO, including by acting as a facilitator with EC and MC.

51. On behalf of the non-Cotter directors, one or both of Gould and Storey advised MC and EC and Plaintiff that the process the non-Cotter directors had put in place, involving director Storey as ombudsman, would continue through June 2015, at which time an assessment would be made of the situation, including in particular the extent to which each of the three of them had cooperated in the process and had undertaken to improve their working relationships and to

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sustain improved working relationships.

52. From that point forward, Plaintiff worked with director Storey in the manner Storey on behalf of the non-Cotter directors had requested. However, MC and EC did not, including as otherwise averred herein, including by refusing to do certain things requested by Plaintiff, which Storey had agreed were in the best interests of RDI. They also complained to Kane about Storey.

53. Although MC for months had refused to have substantive discussions with Plaintiff about the live theater business operations for which she was responsible, and for months had failed and refused to produce even the most rudimentary of business plans, she nevertheless pushed to be provided an employment agreement with RDI. For example, on May 4, 2015, by which time the Orpheum theater debacle had come to light, and by which time she had provided no business plan whatsoever, she emailed Plaintiff, stating "any idea when this employment agreement of mine that you have been working on for months will be presented?"

The Outside Directors Demand and Receive Money and Stock Options

54. In the same time frame, the non-Cotter directors were seeking additional compensation. In particular, Kane pushed Plaintiff to provide all non-Cotter directors other than director Storey an extra $25,000 for the first six months of 2015, with the understanding "that at year-end we will be asking for an additional payment."

55. With respect to director Storey, who resides in New Zealand and had taken no fewer than a half dozen trips to Los Angeles in furtherance of his role as the representative or ombudsman of the non-Cotter directors in interfacing with Plaintiff, on the one hand, and MC and EC, respectively, on the other hand, Kane's proposal was that Storey receive an additional $75,000 for the first six months of 2015, in recognition of the ongoing time and effort Storey was expending as the representative or ombudsman for the non-Cotter directors.

56. Plaintiff advised Kane that he had some reservations about the additional compensation Kane proposed providing to the non-Cotter directors.

MC's Orpheum Theatre Debacle Puts Her In Jeopardy

57. RDI's Proxy Statement filed with the SEC in connection with the annual meeting of RDI stockholders that occurred in 2014 described MC's role in relevant part as "the President

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of Liberty Theatres, the subsidiary through which we own our live theaters. [MC] manages the real estate which houses each of four live theaters [including the one which is the principle source of revenue, the Orpheum Theatre,] [and as such] secures leases, manages tenancies, oversees maintenance and regulatory compliance on the properties. . . ."

58. MC's diligence and candor, or lack of one or both, were called into question by her handling of the relationship with the Stomp Producers. The Stomp Producers, the tenant at the RDI owned Orpheum Theatre and the source of a majority of RDI's live theater revenues, gave notice on April 23, 2015 of termination of the lease for cause.

59. MC had been aware of the alleged issues raised by the Stomp Producers for months. In particular, by email and correspondence dated February 6, 2015, the Stomp producers wrote to MC and complained "about the maintenance and upkeep of the Orpheum Theatre." They further stated in their February 6, 2015 letter to MC as follows:

> "Nothing in this letter is new to you as we and our employees have been in almost constant contact about recurring problems at the theater, but there is now an urgent need to attend to this matter on an immediate and comprehensive, rather than piecemeal, bases . . . ."

60. Prior to receipt of the April 27, 2015 notice of termination, MC failed to disclose the February 6, 2015 letter or the substance of it or that the Stomp Producers told MC on April 9, 2015 that they were going to vacate the theater or even the situation with the Stomp Producers generally to Plaintiff, to the Company's General Counsel or to any outside member of the RDI board of directors. In doing so, she breached her fiduciary obligations as a director.

61. Upon learning of the Stomp Producer's notice to terminate, director Gould stated an assessment to the effect that MC's handling of the situation (independent of the merits or lack of merits of the claims of the Stomp Producers), including not notifying anyone about the risk that the Company could lose a material portion of its live theater business income, could be grounds for termination.

Kane Chooses Sides in a Family Dispute

62. Responding to complaints by EC and MC about Storey, Kane concluded that JJC had allowed Storey to come between him and his sisters. Kane chose the sisters' side in their

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disputes with JJC. Kane communicated privately with Adams about terminating JJC as President and CEO of RDI.

63. Kane's quasi-familial relationship and visceral support of MC and EC has been evidenced by, among other things, stunning *ad hominem* invectives directed at directors Gould and Storey, as well as by rants to JJC about "The Godfather" and the Corleone family from that series of movies, even including a suggestion that termination of JJC would be analogous to the murder of someone disrespecting a Corleone family member.

Adams Is Beholden To MC And EC

64. In or about 2007 or 2008 (according to Adams' own sworn testimony in a recent divorce proceeding), Adams' business of an activist investor, by which he invested monies he raised privately, failed after he lost approximately seventy percent (70%) of the monies invested with him. Since that time, Adams has been unsuccessful in reviving that business and, for all intents and purposes, has been unemployed. He has described it as a "sabbatical."

65. EC secured Adams' agreement to serve as interim CEO of RDI after termination of JJC. Holding that position would be of value to Adams in terms of any additional compensation he would receive.

66. On or about July 10, 2013, Adams entered into an agreement whereby Adams was to receive, among other things, cash compensation of $1,000 per week from JC Farm Management Inc. ("JC Farm"), a private company JJC, Sr. owned, as well as carried interests in certain real estate projects, including one by the name of Shadow View. Adams has been paid and continues to be paid the $1,000 per week. Together with his income from RDI, those monies are the monies Adams needs and uses to pay for his day-to-day expenses. Adams also received the carried interests. The value of Adams' carried interests in those real estate projects including Shadow View, including whether it will be monetized and the extent to which it will be monetized for the benefit of Adams, like JC Farm, is contended by MC and EC to be the controlled by the estate of JJC, Sr., of which MC and EC presently are the executors.

67. Based on information provided by Adams in sworn statements in a recent divorce proceeding, the $1000 per month together with other amounts paid to him by Cotter entities over

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which EC and MC exercise control or claim to exercise control amounted to over half (50%) of Adam's (claimed approximate $90,000) income in 2013, at a minimum, and possibly amounted to over eighty percent (80%) of that income.

68. Thus, Adams is financially dependent on MC and EC. Practically, Adams has little choice if any but to accommodate and advance the personal interests of MC and EC, including by helping them seize, consolidate and perpetuate control of RDI, including as alleged herein.

69. For such reasons, Adams was and is not independent generally, and was and is neither independent nor disinterested with respect to matters involving the Cotters, including the disputes between MC and EC, on one hand, and JJC on the other, the decision whether to fire JJC, and compensation and employment decisions regarding EC and MC.

70. In or about March 26, 2015, Adams sold all RDI options he then had, including options he had been granted only a few months earlier. He apparently failed to disclose that he owned RDI options in his divorce proceedings.

71. After Adams' financial dependence on income from Cotter-controlled companies was disclosed in this action, director defendant Gould acknowledged that Adams was not independent for purposes of decisions regarding compensation of any of the Cotters, and Adams, on or about May 14, 2016 resigned from the RDI Board of Directors Compensation Committee.

Defendants Other Than Gould Threaten Plaintiff With Termination If He Fails to Resolve Disputes With EC and MC on Terms Dictated By Them

72. On Tuesday, May 19, 2015, EC distributed a purported agenda for an RDI board of directors meeting scheduled for Thursday, May 21, 2015. The first action item on the agenda was entitled "Status of President and CEO[,]" which in fact was the agenda item to raise an issue previously never discussed at an RDI Board of Directors meeting, namely, termination of JJC as President and CEO of RDI. EC purposefully had not previously distributed the agenda earlier. EC purposefully chose the phraseology "status of President and CEO." She did both to conceal the fact that the meeting was specially called to concern the termination of JJC as President and CEO. The agenda was untimely and deficient.

73. Prior to May 19, 2015, each of Adams, Kane and McEachern communicated to EC

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and/or between or among themselves their respective agreement to vote as RDI directors to terminate JJC as President and CEO of RDI.

74. In the face of objections by directors Gould and/or Storey that the non-Cotter directors had not undertaken an appropriate process to make any decision regarding whether or not to terminate the President and CEO of RDI, and a request that the non-Cotter directors meet before the scheduled May 21 meeting, Kane provided a visceral response to the effect that the outside directors did not need to meet, acknowledging the agreement to vote and admitting that even the pretense of process would not be undertaken because "the die is cast."

75. EC and Adams previously had hired counsel ostensibly representing RDI, Akin Gump, and had that counsel attend the May 21 board meeting at which the first and only item discussed was termination of JJC as President and CEO.

76. Faced with a clear record that the non-Cotter directors had failed to undertake any process, much less an appropriate process, to make a decision regarding whether to terminate JJC as President and CEO, Adams sought to have a discussion about a later item on the agenda that arguably related to JJC's performance. Gould objected. JJC recognized that Adams, Kane and McEachern appeared to have previously determined to vote to terminate him, and that the non-Cotter directors previously had put in place a process (described above) that was to play out through the end of June, at least. Because that process had not been completed, any vote by any of the non-Cotter directors to terminate JJC as President and CEO was in derogation of, and pre-empted, their own process. No substantive discussion of the later agenda items, or of JJC's performance, occurred.

77. The supposed May 21, 2015 special meeting was concluded, with no termination vote having been taken.

78. On Wednesday, May 27, 2015, Texas attorney Harry Susman, one of the lawyers representing MC and EC in the trust and estate litigation, transmitted to Adam Streisand, an attorney representing JJC in the trust and estate litigation, a document outlining terms to which JJC was required to agree to avoid the threatened termination as President and CEO of RDI. The proposal was communicated as effectively a "take-it or leave-it" proposal and was accompanied by

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a deadline of 9:00 a.m. on Friday, May 29 to accept the proposal.

79. Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office**."

80. By the foregoing actions, among others, MC and EC made clear that accepting their take-it or leave-it proposal, which would have resolved matters in dispute in the trust and estate litigation and dispute about control of RDI, was what JJC had to do to avoid being fired as President and CEO of RDI.

81. Also on May 28, 2015, approximately one day after EC and MC's lawyer transmitted the "take-it or leave-it" proposal and one day before the RDI board was to meet, Kane told JJC to accept the take-it or leave-it offer to "end all of the litigation and ill feelings." Among other things, by email on May 28, 2015, Kane stated as follow to JJC:

> "I have not seen the [take it or leave it settlement] proposal. I understand that it would leave you with your title, which is very important to you and which you told me was essential to any settlement . . . if it is take-it or leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, . . . if we can end all of the litigation and ill feelings, -- and their offer to keep you as CEO as a major concession -- . . ."

82. On Friday, May 29, before the supposed RDI special board of directors meeting commenced, EC and MC met with JJC and told him that the document that had been conveyed by attorney Susman on their behalf two days earlier was a take-it or leave-it offer and that, if JJC did not accept it, the RDI board would terminate him as President and CEO. JJC attempted to discuss proposed changes with them, to which EC and MC responded that they would accept no changes. They repeated that if JJC did not accept the agreement as proposed, JJC would be terminated as President and CEO of RDI.

83. Director Gould shortly thereafter came to JJC's office and said that the majority of the non-Cotter board members (meaning Adams, Kane and McEachern) were prepared to vote to terminate him and that the supposed board meeting was about to commence.

84. JJC entered the conference room where the supposed special meeting was to occur. The supposed meeting was commenced and Adams made a motion to terminate JJC as President

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and CEO. JJC observed that Adams was not independent or disinterested, pointing out that a substantial portion of his income came from Cotter entities controlled by EC and MC, as evidenced by sworn testimony Adams had given in his then-recent divorce proceeding. JJC invited Adams to prove otherwise, to which Adams responded that he did not have to do so. One or more of the non-Cotter directors inquired of Adams' financial relationship to Cotter entities, but Adams declined to provide substantive responses.

85. Director Gould opined 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 JJC, on the other hand, nor to tip the balance of power in those disputes. He further observed that the board should not intercede in personal disputes or attempt at a minimum to maintain the status quo until the courts resolved the trust and estate litigation, and added that he thought JJC had done a good job.

86. Kane offered more personal invective directed to JJC, including comments to the effect that he thought that JJC had "****ed Margaret over with the changes . . . made to the estate" and that JJC "does not have people skills especially with his two sisters . . ."

87. The five outside directors asked JJC to leave the conference room so that they could talk with EC and MC. Next, JJC was advised that the supposed RDI board meeting would be adjourned until at or about 6:00 p.m. that evening. JJC was told that he had until the supposed meeting reconvened that evening to strike a deal with EC and MC, failing which he would be terminated as President and CEO of RDI when the supposed meeting reconvened.

88. The supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015, at which time EC reported that she and MC had reached an agreement in principal with JJC. EC read to the RDI Board of Directors portions of the document attorney Susman had transmitted to attorney Streisand on May 27, 2015, including one that provided for an executive committee of the Board of Directors which, she indicated, would be comprised of EC, MC, JJC and Adams, who would be Chairman. EC concluded that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to counsel for JJC. Ed Kane offered congratulations and commented favorably about Plaintiff remaining CEO. No termination vote was taken. The supposed special meeting concluded.

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89. On Wednesday, June 3, 2015, attorney Susman on behalf of EC and MC transmitted a new document to JJC's trust and estate attorney Streisand. The document contained new terms previously not discussed, much less agreed, by the parties.

90. On Friday, June 5, 2015, attorney Susman left a message for attorney Streisand, the sum and substance of which was that he (Susman) was awaiting word that JJC had agreed to all of the terms in the document. By that message, attorney Susman implied that the document was a "take-it or leave-it" proposal.

91. On June 8, 2015, JJC advised EC and MC that he could not accept their take-it or leave-it document. MC responded that she would advise the RDI board of directors, referencing the threat to have JJC terminated as President and CEO of RDI if he failed to reach a global agreement (including of all trust and estate litigation matters) satisfactory to EC and MC.

92. On June 9, 2015, in furtherance of important ongoing RDI business, JJC asked for a response from MC with respect to a senior executive candidate to oversee RDI's United States real estate, including development of the NYC Properties, which candidate had been endorsed by senior executives at RDI. MC consistently resisted employing such a person because hiring such a person would preclude her from being the senior person at RDI responsible for overseeing development of the NYC Properties. In response to JJC's email, she called him and said, among other things, "you were supposed to be terminated but for a global settlement . . . bye . . . bye."

93. On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board members (and RDI's general counsel) stating, among other things, that "we would like to reconvene the Meeting that was adjourned on Friday, May 29th, at approximately 6:15 p.m. (Los Angeles time.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00 a.m. (Los Angeles time)* . . ." The email purported to further "confirm [] our meeting of the Board of Directors on Thursday, June 18th . . . We will be distributing Agenda and Board package for this Meeting at the end of this week . . ."

94. On Friday, June 12, 2015, a supposed RDI special board of directors meeting was convened. Following through on their prior threat to terminate JJC if he did not resolve all disputes with EC and MC on terms satisfactory to the two of them, Adams, Kane and McEachern

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each voted to terminate JJC, after McEachern made one last effort to pressure JJC, inviting him to resign rather than be terminated. Storey and Gould voted against terminating JJC as President and CEO. EC was elected interim CEO with the expressed intention of immediately initiating a search for a new President and CEO.

95. Additionally, and notwithstanding the fact that both directors and senior executive officers at RDI had agreed that the Company needed to hire an executive with actual real estate development experience to advise the Company with respect to the NYC Properties, and notwithstanding the fact that at least one candidate acceptable to all but MC had been identified, neither that candidate nor any other person was offered the position to oversee RDI's United States real estate. That is because EC, in one of her first acts as interim CEO, suspended the search for such a person until a new CEO was hired, she stated. EC did so to ensure that MC could retain control of activities related to the NYC Properties.

EC and Others Pressure Plaintiff In An Effort to Force Him to Abandon This Action

96. EC, with the active assistance or knowing acquiescence of MC, Kane, Adams, McEachern and Gould, has taken actions to pressure Plaintiff to abandon this action and cede control of RDI to them. The actions taken to pressure Plaintiff include immediately terminating his access to his RDI email account and to RDI's offices and concocting new "policies" and/or "practices" designed to bring financial pressure to bear on Plaintiff. One such activity is impairing his ability to exercise RDI options and to sell RDI stock in a manner consistent with RDI's historical practices.

97. After the purported termination of Plaintiff on or about June 12, 2015, on EC's recommendation, the RDI Board had approved a new so-called insider trading policy. Plaintiff is informed and believes that this supposed policy was created to impair his ability to generate liquidity through the sale of RDI stock, the principal source of Plaintiff's net worth. Given the extremely limited holdings in RDI stock by any director, officer or employee of RDI other than Plaintiff, this supposed policy enables EC to control the disposition of such shares through the imposition of supposed blackout periods, which she has effectively done, with the assistance of Craig Tompkins. Kane and McEachern, who purportedly oversee compensation related and

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related party matters, each have agreed to and cooperated in efforts to prevent Plaintiff from exercising RDI options and selling RDI shares.

98. In an effort to pressure Plaintiff to abandon this action, and to secure his resignation from the RDI Board of Directors, EC on June 15, 2015 transmitted a letter to Plaintiff in which she claimed that the employment agreement entered into by him as an executive (over a decade after he became a director) required him to resign as a director upon his termination as an officer. That letter claimed that his failure to do so constituted a breach of the referenced employment agreement and threatened to terminate payments and benefits to Plaintiff if he did not resign within 30 days of his termination. Shortly thereafter, the Company terminated the health and medical benefits the Company provides to him, his wife and his three children and also terminated severance payments and other benefits.

EC, MC, Kane and Adams Act to Entrench Themselves and Mislead RDI Shareholders

99. Subsequent to terminating Plaintiff, EC, MC, Kane, Adams and McEachern acted to limit if not eliminate the participation in governance of RDI of JJC and directors Storey and Gould. To that end, a previously inactive executive committee of the RDI Board of Directors has been activated (i.e., the "EC Committee"). It has been repopulated so that EC, MC, Kane and Adams are its only members, with only McEachern able to attend any of its meetings as he wishes. The full authority of the RDI Board of Directors purportedly now is held by the EC Committee. By such actions, EC, MC, Kane and Adams purposely impaired if not eviscerated the functioning of RDI's full Board of Directors, selectively replacing it with the EC Committee as EC saw fit. Separately, McEachern as chairman of the Audit and Conflicts Committee barred directors who were not committee members or at least Plaintiff, from attending committee meetings, ending a longstanding practice of allowing all directors to attend.

100. Other fundamental corporate governance practices and protections at RDI have been altered, circumscribed or eliminated. EC, with the active assistance and/or knowing cooperation of MC, Kane and Adams, manipulated and reduced the flow of information to JJC, Gould and Storey as RDI directors, including by failing to timely distribute drafts of prior RDI board of directors meeting minutes and by failing to provide board packages sufficiently in

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advance of board meetings such that board matters were, to the knowledge of JJC, Storey and Gould, impromptu actions (which had been addressed previously by one or more of EC, MC, Kane and Adams).

101. EC, with the active assistance and/or knowing cooperation of MC, Kane, Adams, McEachern and Gould, has caused RDI to disseminate materially misleading if not inaccurate information to its public shareholders. They have done so in an effort to delay if not avoid discovery of the actions of EC, MC, Kane, Adams and McEachern, and to avoid being held accountable for those actions, whether by way of derivative action or otherwise. Among other things, these defendants caused RDI to disseminate the following press release(s) and/or SEC filings, each of which was misleading if not inaccurate by omission, commission or both:

a. RDI on June 15, 2015 issued a press release stating that its board of directors "has appointed [EC] as interim President and [CEO], succeeding [JJC] . . . ." This press release was misleading because, among other things, it failed to address the circumstances of the purported termination of JJC as President and CEO, much less disclose that he purportedly had been terminated, much less that the purported termination was without cause, or even that JJC had filed this action;

b. On or about June 18, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate in several respects, including that it stated that JJC was "required to tender his resignation as a director of [RDI] immediately upon termination of his employment [, that he had not done so and that RDI] considers such refusal as a material breach of [the] employment agreement [] and has given [JJC] thirty (30) days in which to resign . . ." The employment agreement in question, which is an exhibit to the Form 10-Q for period ending June 30, 2013 filed by RDI with the SEC, on its face not only does not require JJC to resign as a director in the event that he is terminated as an executive officer, but on its face contemplates that he may continue to serve as a director, which position he in fact held for many years prior to becoming an officer and entering into the subject employment agreement. Separately, the employment agreement contains a thirty (30) day cure provision with respect to breaches of the agreement which may constitute a basis for termination of JJC for cause, which defendants do not claim occurred here. Therefore, the characterization in the Form 8-K of what the Company has done for thirty (30) days is misleading both as to what the employment agreement provides and what the Company has done, which in fact is to assert that JJC is breach of an agreement which the Company purports to have terminated previously. Additionally, the Form 8-K is materially misleading in describing this action;

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c. RDI has failed to file a Form 8-K with respect to the EC Committee, which is a development that materially deviates from the prior practices of RDI and RDI's SEC disclosures with respect to those practices.

d. On or about October 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate. In particular, the description in that Form 8-K of defendant Storey "retir[ing]" from the RDI Board of Directors is misleading if not inaccurate. As alleged herein, Mr. Storey had been told that he would not be nominated to stand for reelection and he effectively was forced to resign as a director. The Form 8-K also is misleading if not inaccurate insofar as its descriptions of new board members Judy Codding and Michael Wrotniak suggest that their respective experiences described in the Form 8-K, such as Codding having experience in the field of education and/or Wrotniak having "considerable experience in international business, including foreign exchange risk mitigation," were the reasons those two persons were made Directors of RDI. The Form 8-K also is misleading if not inaccurate with respect to those two persons being made directors of RDI because it fails to disclose their respective personal relationships with Cotter family members. As alleged herein, Codding is a personal friend of Mary Cotter and Wrotniak and/or his wife are personal friends of MC.

e. On or about November 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not accurate. It purported to describe the voting results of the 2015 ASM and, in doing so, reflected the (likely purposefully) erroneous results the new inspector of elections, First Coast, have been engaged to provide.

f. On or about January 11, 2016, the Company issued a Form 8-K attaching a press release of that date. The press release included a statement by defendant Gould that said: "After conducting a thorough search process, it is clear that Ellen is best suited to lead Reading moving forward." That statement is materially misleading if not inaccurate, including because it implies erroneously that the selection of EC was the result of a (supposedly) "thorough search process."

g. On or about March 15, 2016, RDI filed with the SEC a Form 8-K which stated, among other things, that the RDI Board of Directors Compensation Committee and its Audit and Conflicts Committee each had approved payment of so-called "additional consulting fee compensation" of $200,000 to MC "for services rendered by her to the Company in recent years outside the scope" of a Theater Management Agreement dated January 1, 2002, between the Company's subsidiary, Liberty Theaters, Inc. and OBI, LLC, an entity wholly-owned by MC. The Form 8-K also stated that the RDI Board of Directors approved "additional special compensation" of $50,000 to be paid to Adams "for extraordinary services provided the Company and devotion of time in providing such services." The Form 8-K was materially misleading if not inaccurate because, among other things, those payments were awarded for reasons other and/or additional to those set in the Form 8-K.

h. On or about July 20, 2016, RDI filed with the SEC a Form 8-K which was materially misleading if not accurate. It purported to describe the voting results

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of the 2016 ASM and, in doing so, reflected the (likely purposefully) erroneous results the inspector of elections, First Coast, have been engaged to provide.

i. On or about July 18, 2016, after failing to file a Form 8-K regarding the offer, the Company issued a press release regarding the offer. It stated that the "Board of Directors, after receiving input from management and its outside advisors, carefully evaluated the [offer]. Following this review, the Board of Directors determined that our stockholders would be better served by pursuing our independent, stand-alone strategic business plan…" The press release was materially misleading if not false because, among other things, no "independent, standalone strategic business plan" has been delivered by management to the Individual Director Defendants, either in connection with the offer or otherwise.

EC, MC, Kane, Adams and McEachern Manipulate the Corporate Machinery of RDI in An Effort to Control the Election of Directors at the 2015 Annual Shareholders Meeting

102. At least approximately forty four percent (44%) of the Class B voting stock of RDI is held in the name of the James J. Cotter Living Trust, which became irrevocable upon JJC, Sr.'s death on September 13, 2014 (the "Trust"). Who has authority to vote the RDI Class B voting stock held in the name of the Trust is a subject of dispute in the California trust and estate litigation between EC and MC, on one hand, and JJC, on the other hand. Plaintiff is informed and believes that, unless EC, MC and JJC as co-trustees of the Trust all agree and provide a unanimous direction to the Company as required under Section 15620 of the California Probate Code, none of them can vote any of those shares in connection with an RDI Annual Shareholders Meeting ("ASM").

103. Plaintiff is informed and believes that EC and MC are aware of the foregoing regarding whether the RDI Class B voting stock held in the name of the Trust properly can be voted at or in connection with RDI's ASM.

104. Plaintiff is informed and believes that EC and MC agreed to act and took actions to increase the number of RDI Class B shares they could vote at RDI's ASM in order to attempt to control that vote without including the Class B voting stock held in the name of the Trust.

a. On or about April 17, 2015, EC and MC exercised options to acquire 50,000 and 35,100 shares of RDI Class B shares, respectively.

b. On or about September 17, 2015, EC and MC, acting as executors of the estate of JJC, Sr., exercised an option to acquire 100,000 shares of RDI Class B voting stock. Despite claiming a need to preserve assets of the

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Estate, EC and MC utilized liquid RDI Class A shares to pay for the exercise of the Estate's option to acquire these illiquid RDI Class B shares.

105. In or about June 12, 2015, Plaintiff was told by RDI that the prior practice of allowing the Compensation Committee of RDI's full Board of Directors to approve the exercise of options had been changed to require that each member of the Board of Directors approve any exercise of options by any director. When Plaintiff on or about June 5 and July 2 sought to exercise two separate tranches of RDI options, processing of his requests was delayed for weeks from the times he gave notice of his election to exercise such options.

106. However, that purported new practice later was reversed or abandoned. Plaintiff is informed and believes that that was because EC and MC, purporting to act as executors of the Estate of JJC, Sr., intended to seek to exercise a supposed option to have the Estate acquire 100,000 shares of Class B voting stock (which they did, as alleged herein). EC and MC feared that JJC as an RDI director would refuse to consent to the exercise of this option controlled by EC and MC as executors of the Estate of JJC, Sr.

107. Two of three members of the Compensation Committee are Adams and Kane. On or about September 21, 2015, Kane and Adams, purporting to act as directors and as members of the Compensation Committee, authorized the request of EC and MC that the Estate be allowed to (use liquid Class A stock to) exercise the supposed option to acquire the 100,000 shares using shares of RDI Class A stock. Kane and Adams did so in derogation of the interests of RDI, which received no benefit from receiving Class A stock (rather than cash), which merely reduced the float of such stock. Plaintiff is informed and believes that Kane and Adams also did so without requiring EC and MC as executors of the Estate to produce documentation establishing the Estate's entitlement to exercise such option, which documentation may not exist. Kane and Adams claimed that they decided to allow EC and MC to exercise the supposed 100,000 share option based on the advice of counsel, including Craig Tompkins. The third director who was a member of the Compensation Committee, Timothy Storey, was unable to attend the supposed meeting of the Compensation Committee because it was called with too little notice.

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108. Plaintiff is informed and believes that EC and MC took such actions because of a concern that, absent the exercise of the supposed option for the Estate to acquire 100,000 shares of RDI Class B voting stock which EC and MC will purport to vote as executors of the Estate, EC and MC might have lacked sufficient votes to control the 2015 ASM and, in effect, unilaterally elect as RDI directors whomever they choose, in view of the requirement of unanimity under California Probate Code Section 15620.

EC And MC Systematically Mislead RDI Shareholders, Including By Failing To Make Disclosures Required By The Federal Securities Laws And By Making Misleading Disclosures.

109. On or about September 24, 2014, MC and EC filed a Schedule 13D with the United States Securities and Exchange Commission (the "SEC"). In that 13D, each of MC and EC indicated that they were not a member of a 13D group and each excluded any and all RDI shares not owned by them, including shares owned by the Trust and shares held by the Estate, from the shares each reported as beneficially owned and/or shares subject to shared voting power.

110. On or about December 22, 2014, EC and MC were appointed in the accompanying Nevada probate action to act as co-executors of the Estate. Plaintiff is informed and believes that they commenced the Nevada probate action at least in part to exercise control as executors of certain Company Class B voting stock.

111. On or about January 9, 2015, MC and EC filed an amendment to the schedule 13D they filed on or about September 24, 2014 (the "13D1"). The 13D1 for the first time identified the two of them as a 13D group. The 13D1 also was filed for the Estate, but it expressly indicates that the RDI Class B voting stock held by the Estate was not stock with respect to which either MC or EC had shared voting power.

112. On or about April 16, 2015, EC exercised one or more options to acquire 50,000 shares of RDI Class B voting stock. She was allowed to do so by using RDI Class A non-voting stock rather than cash. That provided no benefit to RDI. EC did not file the required Form 4 disclosure with the SEC regarding that acquisition of Class B voting stock until on or about October 9, 2015, three days after the record date of October 6, 2015 set for the 2015 ASM.

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113. On or about April 17, 2015, MC exercised options to acquire a total of 35,100 shares of RDI Class B voting stock. She was allowed to do so by using RDI Class A non-voting stock rather than cash. That provided no benefit to RDI. MC did not file the required Form 4 disclosure with the SEC regarding that acquisition of Class B voting stock until on or about October 9, 2015, three days after the record date of October 6, 2015.

114. Plaintiff is informed and believes that in or before April 2015, MC and EC agreed that they would exercise shared voting power of the RDI Class B voting stock held in the name of the Estate together with RDI Class B voting stock held individually by each of them, such that EC and MC together with the Estate were members of a group for the purposes of Schedule 13D.

115. On or about October 9, 2015, EC and MC filed an amended 13D (the "13D2"). The 13D2 disclosed for the first time that EC and MC together with the Estate were members of a group for the purposes of Schedule 13D. Plaintiff is informed and believes that EC and MC purposefully failed to disclose the prior existence of this 13D group until such time as they had exercised an option held by the Estate to acquire an additional 100,000 shares of RDI Class B voting stock and until after the October 6 record date had passed, as part of their scheme to attempt to control over fifty percent (50%) of the Class B voting stock (not including such stock held in the name of the Trust) before the record date for the 2015 ASM. They acquired the 100,000 shares on or about September 21, 2015.

116. The 13D2 filed on or about October 9, 2015 also states that the Trust "is also a member of the group with the Estate, Margaret Cotter and Ellen Cotter" and says that the "Trust has separately filed a report on Schedule 13D on the date hereof." The 13D2 also states that MC and EC have shared voting power with both the Estate and the Trust.

117. On or about October 9, 2015, EC and MC caused the Trust to file a Schedule 13D. That Schedule 13D, like the 13D2, states that the Trust is a member of a group for the purposes of Schedule 13D with the Estate, MC and EC. In response to these late filings as well as others made by the Company, one RDI shareholder representative asked the Board, "Why does this board and management choose to continue to be serial abusers of the securities laws?"

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118. Contrary to what the Schedule 13D filed for the Trust on or about October 9 and the 13D2 imply, EC and MC do not control the shares held in the name of the Trust for voting purposes, shared or otherwise. Plaintiff is informed and believes that such statements made in these two schedule 13Ds (and in the Company's Proxy Statement for the 2015 ASM) were intended by EC and MC (and by Kane, Adams and McEachern) to mislead other holders of RDI Class B voting stock in anticipation of and in connection with the 2015 ASM and the 2016 ASM.

119. Thus, EC and MC systematically have manipulated their disclosure of actual and claimed ownership and control of RDI Class B voting stock for the purposes of misleading RDI shareholders and facilitating their scheme to seize control of RDI and perpetuate their control of RDI. All such actions were purposefully taken by them in derogation of their fiduciary obligations, including the duty of disclosure.

120. Plaintiff is informed and believes that Kane was and Adams and McEachern may have been party to this scheme. Kane and Adams acted to facilitate this scheme, acting as directors and members of the Compensation Committee to effectuate the acquisition by the Estate of 100,000 shares of Class B voting stock, including as alleged herein.

EC, MC, Kane, Adams and McEachern Act to Stack the Board With Others Loyal to EC and MC

121. EC, MC, Kane and Adams have added to the RDI Board of Directors individuals who have had long-standing friendships with EC, MC and/or their mother.

122. On or about August 1, 2015, a couple days before a RDI board meeting, EC as Chairman of the Board included on a Board of Directors agenda an item not previously discussed, proposing to add to RDI's Board an individual purported to have needed and sought after real estate development experience. EC has known this individual over twelve years and has a close, personal relationship with him, his wife and child. However, that individual previously had done business with RDI in a manner that caused harm to RDI. After Plaintiff objected based on these factors, EC reported to the Board that her nominee had withdrawn from consideration.

123. On or about October 3, just days before a board meeting, EC proposed Codding as a director candidate. This prevented directors who had not been informed of this candidate,

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including Plaintiff, Storey and Gould, from genuinely vetting and deliberating about the candidate. Codding has no expertise in either of RDI's two principal business segments, cinema operations and real estate development. Codding also has no experience as a director of a public company.

124. However, Codding maintains a long standing, close personal friendship with Mary Cotter, the mother of EC, MC and Plaintiff. Mary Cotter has chosen the side of EC and MC in the family disputes between EC and MC, on one hand, and JJC, on the other hand. EC currently resides with Mary Cotter.

125. EC, together with Adams, McEachern and Kane, pushed to have Codding added to RDI's Board in advance of the 2015 ASM. On October 5, Codding was made a director on an impromptu basis, after only minutes of supposed deliberation by the Board. Each of defendants other than Storey (and Plaintiff) acquiesced to EC's request and voted to add her to the Board. While Gould said that more time was needed to allow for vetting of Codding, he approved the appointment, effectively acknowledging that he was abdicating his fiduciary responsibilities in order to accommodate EC and/or MC.

126. After Codding's appointment to RDI's Board of Directors was disclosed, one of RDI's shareholder representatives communicated his disbelief over the appointment of someone with no relevant experience and whose activity relating to her employer's alleged violations of the public bidding laws to secure a contract with L.A. Unified School District (LAUSD) to provide iPads to schools allegedly was under scrutiny in a federal criminal investigation, discovered through a simple Google search. None of Kane, Adams, McEachern or Gould had either performed or caused a basic, competent public records search or other such diligence that would have discovered this publicly available information regarding Codding before approving Codding to be a director of RDI. None of Adams, McEachern or Kane therefore were aware of, or at least disclosed to the Board any prior knowledge of, Codding's involvement in such alleged activity prior to voting to add her to the RDI Board. EC knew previously, but did not disclose what she knew.

127. On October 5, 2015, EC announced to the full RDI Board of Directors that a so-called nominating committee comprised of Kane, Adams and McEachern supposedly would

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propose a board slate of nominees for the RDI's 2015 ASM, which has been set for November 10, 2015. RDI's counsel indicated that EC and MC's personal lawyer recommended that EC and MC not be involved in the nominating process and that the Board form a nominating committee for optical reasons, given EC and MC's role as executors of the Estate and trustees of the Trust.

128. EC and MC previously had determined that director Storey would not be nominated to stand for reelection. Each member of the so-called nominating committee agreed to execute the decision of EC and MC to not nominate director Storey to be reelected.

129. Plaintiff is informed and believes that the insistence of director Storey that RDI directors act in the interest of all shareholders, not just EC and MC, and his efforts to do so, account in part for the decision and agreement of EC, MC, Kane, Adams and McEachern to not nominate director Storey to stand for reelection at the 2015 ASM.

130. McEachern and Adams, purporting to act as members of the so-called special nominating committee, pressured Storey to "retire" as a director. Storey acquiesced.

131. The supposed nominating committee, acting at the direction and requests of EC and MC, then selected Wrotniak, who was a candidate about whom EC provided information to the full Board only a couple days before the Board meeting, to replace Storey.

132. Wrotniak does not have expertise in either of RDI's business segments, cinema operations and real estate development. Nor does he possess experience in public company corporate governance. However, Wrotniak is the husband of MC's long-standing best friend. He was chosen because of that friendship. MC and EC expect loyalty from him.

133. The supposed nominating committee selected Wrotniak, notwithstanding the fact that a senior executive with chief financial officer experience at a public, multi-billion dollar real estate services and investment company, experience with Wall Street and years of experience in the real estate industry, expressed a willingness to serve on RDI's Board of Directors. That candidate had been suggested by Plaintiff and had no ties to any of the Cotters.

134. By the foregoing actions, EC, MC, Kane, Adams and McEachern each have continued to misuse the corporate machinery of RDI, including in particular to attempt to rig the

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vote at the 2015 and 2016 ASMs, to entrench and perpetuate themselves in exclusive control of RDI. Gould has acquiesced, at a minimum.

135. On or about October 20, 2015, the Company issued its Proxy Statement for the 2015 ASM scheduled for November 10, 2015. The Proxy Statement is materially misleading if not inaccurate in a number of respects, including the following:

a. It states (at page 10) that, under Nevada law, EC and MC, as two of three trustees of the Trust, have the power to vote all of the RDI Class B voting stock held in the name of the Trust on the books and records of the Company;

b. It states (at page 10) that EC and MC together have the power to vote 71.9% of a Class B voting stock entitled to vote for directors at the 2015 ASM;

c. It states (at pages 10 and 11) that the Company is a controlled company under NASDAQ listing rules;

d. It states (at page 11) 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, it says, "will consider both internal and external candidates." 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;

e. It states (on page 12) that the "Special Nominating Committee and the Board accordingly considered the views of (EC and MC) with respect to the 2015 Director nominees," when in fact the Special Nominating Committee and every member of the Board other than Plaintiff acted as each understood EC and MC desired;

f. It states (on page 12) that Plaintiff "vot[ed] against each of the recommended nominees (including himself)," which is inaccurate;

g. It describes (on page 15) historical business experience of defendant Adams, as if that experience is the reason he is a director and is nominated for reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC

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and MC, fails to disclose Adams' financial dependence on companies and deals controlled by EC and MC and misstates his recent professional activities;

h. It describes (at page 15) professional experience of Judy Codding in the field of education as if that were the reason she was made a director and is nominated for reelection, but fails to disclose her personal relationship with Mary Cotter, the mother of EC and MC, and misstates her recent professional activities;

i. It describes (at pages 15-16) the role of MC with respect to the Company's live theatre operations, and says that she "heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3," but fails to disclose that MC successfully has ended the search by the Company for an experienced real estate executive to lead its real estate development efforts, in the United States, including for the NYC Properties. Among the reasons MC did so was to create a purported basis for seeking and securing employment with the Company;

j. It describes (at page 16) certain professional experience of Kane, including experience from 1987 and 1988, but fails to disclose his historical and ongoing quasi-familial relationship with EC and MC;

k. It describes (at page 16) certain professional experience of Wrotniak, as if that were the reason he was made a director and is nominated for reelection, but fails to disclose the close personal relationship he and his wife have with MC.

136. On or about May 18, 2016, the Company issued its Proxy Statement for the 2016 ASM scheduled for June 2, 2016. The Proxy Statement was materially misleading if not inaccurate in a number of respects, including the following:

a. It implies (at page 7) that the Company is entitled to determine the identity of the trustees under the so-called Cotter Trust, the right of those trustees to vote under California law and/or that the books and records of the Company identify each of EC, MC and Plaintiff as trustees of the so-called Cotter Trust (the "Trust");

b. It describes (at page 8) the supposed CEO search in a manner that implies that EC timely resigned from the CEO search committee, that that committee relied

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on Korn Ferry and that Korn Ferry evaluated EC as a candidate for the CEO position;

c. It states (at page 9 and elsewhere) that the Company is a controlled company under NASDAQ listing rules;

d. It states (on pages 9-10) that Adams served on the compensation committee through May 14, 2016, but fails to disclose how it came to pass that he resigned;

e. It describes (on page 15) historical business experience of defendant Adams, as if that experience is the reason he is a director and is nominated for reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC and MC, and fails to disclose Adams' financial dependence on companies and deals controlled by EC and MC and misstates his recent professional activities;

f. It describes (at page 15) professional experience of Codding in the field of education as if that were the reason she was made a director and is nominated for reelection, but fails to disclose her personal relationship with Mary Cotter, the mother of EC, and MC and her relationship with her employer would be coming to an end and the reasons for such termination;

g. It describes (at page 16) the role of MC with respect to the Company's live theatre operations, and says that she "heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3," but fails to disclose that MC successfully has ended the search by the Company for an experienced real estate executive to lead its real estate development efforts in the United States, including for the NYC Properties. Among the reasons MC did so was to create a purported basis for seeking and securing employment in such position with the Company;

h. It describes (at page 16) certain professional experience of Kane, including experience from 1987 and 1988, but fails to disclose his historical and ongoing quasi-familial relationship with EC and MC;

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i. It describes (at page 16) certain professional experience of Wrotniak, as if that were the reason he was made a director and is nominated for reelection, but fails to disclose the close personal relationship he and his wife have with MC.

The CEO Search is Aborted, Manipulated or Both, and EC is Selected

137. At a Board meeting on or about June 30, 2015, EC was empowered to select an outside search firm to search for a new, permanent President and CEO for RDI. EC selected EC, MC, McEachern and Gould as members of a CEO search committee. EC functioned as the chairperson of the committee until she resigned, as described below.

138. On or about August 4, 2015, EC reported to the Board that she had selected Korn Ferry to be the outside search firm. A stated and accepted rationale for selecting Korn Ferry was that Korn Ferrry would perform a proprietary detailed assessment of the finalists for the position of President and CEO of RDI. The full Board had been told that each of the three finalists would be presented to the full Board to be interviewed.

139. Korn Ferry interviewed each of the four members of the CEO search committee and Craig Tompkins, as well as other persons EC and/or MC had Korn Ferry interview and, based on those interviews and further communications with some of those people, Korn Ferry created a "position specification" document. The stated purpose of the document was to list qualifications and characteristics that had been agreed to as those that would be used to select candidates and, ultimately, a new President and CEO.

140. Finally, on or about November 13, 2015, an initial set of interviews of CEO candidates was set to occur. Shortly before those interviews were to commence, EC allegedly announced to the other members of the CEO search committee that she was a candidate for the positions of President and CEO. At that point, she purportedly resigned from the committee. Plaintiff is informed and believes that EC had considered being a candidate well before the initial set of interviews, but chose to not disclose that.

141. At that point, McEachern, Gould and MC had no discussions about whether MC should or could continue to serve on the committee, in view of the fact that her sister was a candidate. Nor did the committee or any of them seek the advice of outside counsel with respect

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to that subject or any other issue related to EC declaring her candidacy after having directed Korn Ferry for months.

142. After on or about August 4, 2015, neither EC nor the CEO search committee provided any reports regarding the (supposed) CEO search to the full Board until mid-December 2015. That was so in spite of requests by Storey and Plaintiff for reports or updates.

143. McEachren, Gould and MC in November and December interviewed several CEO candidates. They identified at least one and possibly two of them as finalists. They also interviewed EC. After interviewing EC, the three of them preliminarily agreed that she was their choice to be CEO. They also agreed that Korn Ferry would be instructed to cease further work.

144. McEachern, Gould and MC then conducted a conference call during year-end holidays, confirmed their choice of EC and charged Tompkins with summarizing their reasons. Tompkins did so. The stated reasons for selecting EC did not match or even approximate the qualifications and characteristics that were summarized in the "position specification" document prepared by Korn Ferry.

145. Korn Ferry did not perform its proprietary special assessment of EC or of any other candidate.

146. On or about January 8, 2016, McEachern, Gould and MC presented EC to the full Board of Directors as their selection to be the President and CEO of RDI. With little if any deliberation, and with little if any information regarding the search and/or other candidates other than a summary provided to them just days prior to meeting, each of the director defendants agreed and voted to make EC President and CEO.

147. On or about January 11, 2016, the Company issued a Form 8-K attaching a press release of that date. The press release included a statement by defendant Gould that said: "After conducting a thorough search process, it is clear that Ellen is best suited to lead Reading moving forward." That statement is materially misleading if not inaccurate, including because it implies erroneously that the selection of EC was the result of a (supposedly) "thorough search process."

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The Director Defendants Commence Looting The Company

148. Following the 2015 ASM in November 2015, by which the individual defendants secured effectively unfettered control of the Company, and following the appointment of EC as President and CEO in January 2016, the individual defendants turned their attention to the subjects of employment, titles and compensation.

149. On or about March 10, 2016, MC was appointed EVP--RED – NYC on EC's recommendation as President and CEO. In that position, MC became the senior executive at RDI responsible for the development of its valuable NYC Properties. However, MC has no real estate development experience. She is unqualified to hold that senior executive position.

150. As EVP--RED – NYC, MC was awarded a compensation package that includes a base salary of $350,000 and a short-term incentive target bonus of $105,000 (30% of her base salary), and was granted a long-term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan.

151. Additionally, the Compensation Committee, comprised of Adams, Kane and Codding, and the Audit and Conflicts Committee, comprised of Kane, McEachern and Wrotniak, in or about March 2016 each unanimously approved so-called "additional consulting fee compensation" of $200,000 to MC. Each of the Individual Director Defendants (with EC and MC abstaining) approved this $200,000 payment to MC. In effect, MC was given a $200,000 gift.

152. At the request of EC, the EC Committee requested the Compensation Committee to review executive compensation. The result was that EC as President and CEO received a new compensation package. If all bonuses available are paid to her, she will be paid over three times what Plaintiff was paid as President and CEO.

153. The Compensation Committee also recommended and the RDI Board of Directors (meaning all of the individual director defendants) also approved so-called "additional special compensation" of $50,000 to Adams. This after-the-fact payment in effect was a gift.

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The Non-Cotter Director Defendants Effectively Ignore a Third Party Cash Offer to Buy All of the Outstanding Stock of RDI at a Price in Excess of the Market Price

154. On or about May 31, 2016, EC as Chairman, President and CEO of RDI and each director received an unsolicited offer from a third party to purchase, for all cash, all of the outstanding shares of RDI stock, meaning all Class A nonvoting shares and all Class B voting shares (the "Offer"). This Offer was sent to EC and the other board members shortly after an RDI employee reporting to EC reported to the third party that the Company was not for sale after such third party indicated an interest in buying the Company. The proposed cash purchase price was $17 per share. That price represented an approximate thirty-three percent (33%) premium over the prices at which RDI stock was then trading in the open market.

155. The Offer to purchase all of the outstanding shares of RDI stock expressly allowed for the possibility that, following due diligence, the Offer price might be increased from $17 per share. The Offer indicated that a response to it was needed no later than June 14, 2016. The Offer also indicated that those making it did not intend to make it public at the time.

156. EC distributed the Offer to members of the RDI Board of Directors on or about May 31, 2016. The Board of Directors met with respect to the Offer on Thursday, June 2, 2016. The Board agreed to meet the following week to determine whether and how to respond to the Offer, after management distributed to Board members a business plan and materials relating to the value of the Company.

157. The RDI Board of Directors did not reconvene with respect to the Offer until June 23, 2016. No business plan and no materials relating to the value of the Company were provided to Board members in advance of or at the June 23, 2016 meeting. Nor were any other materials relevant to assessing the Offer provided. EC made an oral presentation concluding that RDI was worth a price dramatically in excess of the Offer price and recommended that RDI pursue its (supposed) long-term business plan. All of the individual director defendants agreed that an Offer of $17 per share was inadequate. Plaintiff abstained in view of management's failure to provide information promised to be delivered before the meeting.

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158. Neither EC nor anyone acting at her direction or request has ever provided a strategic or long-term business plan for the Company to the RDI Board of Directors.

159. In connection with determining whether and, if so, how to respond to the Offer, none of the non-Cotter director defendants indicated that they had and, on information and belief, Plaintiff alleges that they had not, consulted with outside independent counsel, outside independent financial advisers such as investment bankers, or anyone else on whom directors are entitled to rely in determining in good faith whether and, if so, how, to respond to such an offer.

160. Plaintiff is informed and believes and thereon alleges that each of the non-Cotter directors, in determining whether and, if so, how to respond to the Offer, made their respective decisions largely if not entirely on their understanding of what they understood EC and MC (as supposedly controlling shareholders) wanted to do or not do in response to the Offer.

161. Plaintiff is informed and believes and thereon alleges that neither EC nor MC consulted with outside independent counsel, outside independent financial advisers such as an investment bank, or anyone else on whom directors are entitled to rely in determining in good faith whether and, if so, how, to respond to such an Offer. Plaintiff is further informed and believes and thereon alleges that neither EC nor MC in good faith even considered accepting the Offer, pursuing discussions with the offerors or taking any other steps that would amount to anything other than rejection of the Offer.

162. None of the individual director defendants made an informed, good-faith determination of what was in the best interests of RDI and its stockholders in responding to the Offer. None of the individual director defendants made a good faith determination of whether, much less that, RDI with its present senior management, including EC as CEO and MC as EVP-RED-NYC, could, much less would, deliver value or achieve results that approximated, much less resulted in, RDI trading at the price or value EC told the Board of Directors on June 23, 2016 that management had ascribed to the Company. Plaintiff is informed and believes and thereon alleges that none of the individual director defendants took any actions to test or to verify any of the oral presentation by EC regarding the supposed value of the Company.

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RDI and RDI Shareholders are Injured

163. When the individual defendants' complained of conduct became publicly known and disseminated, the price at which RDI stock traded dropped, evidencing injury to RDI and resulting in monetary damages to RDI and to RDI stockholders. One or more directors or officers of RDI observed at or about the time that this had occurred. Those damages are estimated to be in the millions of dollars. When subsequent complained of actions of the individual defendants, including to stack the RDI Board, became publicly known, RDI stock prices dropped again. When the Offer described above was (belatedly) disclosed by the Company on or about July 18, 2016, the price at which RDI stock traded increased, evidencing injury and damages resulting from the individual director defendants' complained of conduct.

164. The individual defendants' complained of conduct has resulted in injury to and impairment of RDI's reputation and goodwill. The consequences of such damage include diminished ability to attract and retain qualified senior executives, increased costs if able to do so, an impaired ability to effectuate transactions that may involve use of Company stock as consideration, diminished willingness of institutional investors to buy and to hold RDI stock and other impairment of and increased costs to conduct RDI's business. Increased costs include payment of unnecessary and/or excessive consulting fees, payment of duplicative or redundant compensation and payment of increased professional costs, including audit and legal fees.

165. The individual defendants' complained of conduct effectively has eliminated important rights of shareholders, including the right to be timely informed of material developments, the right to not 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.

166. The individual defendants' complained of conduct constitutes waste and has caused monetary damages to RDI, including what amounted to a gift of $50,000 to EC, a $200,000 gift to MC and a $50,000 gift to Adams. Likewise, the engagement and payment of Korn Ferry, which was used to create a misimpression of a *bona fide* CEO search, but which was not used to identify or evaluate EC, who was selected by MC, McEachern and Gould without input from Korn Ferry, which they instructed to cease work, also amounts to waste of at least the monies paid to Korn

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Ferry.

167. In taking the actions complained of herein, the individual defendants have wasted if not appropriated corporate opportunities and wasted corporate assets. In particular and without limitation, they have failed to act in good faith and on an informed basis to determine how to monetize the Company's valuable real estate assets, including the NYC Properties. Instead, they have chosen to not take such steps but rather to hire MC to "keep the ball in the air," so that there is a pretext to employ her in the position in which is now employed, which she is wholly unqualified to fulfill. In doing so, they have caused the Company to spend and continue to spend substantial sums of money, believed to be at least in the millions of dollars, to pay outside consultants because the Interested Director Defendants effectively acquiesced to MC's insistence that RDI not hire an executive experienced in real estate development, and because all of the individual defendants instead approved hiring MC as EVP-RED-NYC. The extra monies paid to outside consultant is believed to be in the millions of dollars.

168. The failure of the individual defendants to undertake to make an informed, good faith determination of what was in the best interests of RDI and its stockholders in responding to the Offer described above has resulted in injury to RDI and each of the stockholders. That injury includes lost opportunity of each and every RDI stockholder to decide for himself, herself or itself whether to sell his, her or its RDI stock at a price in excess of the price at which it trades in the open market.

Demand Is Excused

169. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, as to each matter complained of herein, a majority if not all members of RDI's Board of Directors except Plaintiff (and in certain instances former director Storey) took and/or approved the complained of conduct. They therefore are unable to exercise independent and disinterested business judgment in responding to a demand, including because the actions giving rise to this action alleged herein were not undertaken honestly and in good faith in the best interests of RDI, much less the product of a valid exercise of business judgment.

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170. Each and all of the RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision of the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.

171. Additionally, as to each and all matters complained of herein, a majority if not all of the director defendants is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to the non-Cotter directors, who lack independence and lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled by EC and MC, Kane's quasi-familial relationship with EC and MC, McEachern's and Gould's fiduciary breaches and Codding and Wrotniak's personal relationships with Cotter family members.

172. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI. Additionally, in voting to give EC and MC positions for which they are unqualified, and corresponding compensation packages, and in failing to take steps to make an informed, good faith decision regarding the Offer to purchase all RDI stock at a premium, and instead effectively deferring to EC and/or MC, each of the director defendants, including Codding and Wrotniak, acted in derogation of the fiduciary duties they owe to RDI and its other shareholders.

FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)

173. Plaintiff repeats and realleges paragraphs 1 through 172, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

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174. Each of the individual defendants at times relevant hereto was a director of RDI. As such, each owed fiduciary duties to RDI and to Plaintiff and other RDI shareholders, including fiduciary duties of care, candor, disclosure, good faith and loyalty to RDI.

175. The duty of care owed by each of these defendants entails, among other things, an obligation to exercise the requisite degree of care in the process of decision making as a director and to act on an informed basis.

176. The duty of care further requires, among other things, that these directors do not act with undue haste, a lack of board preparation or a failure of deliberation with respect to the merits of any and every supposed business decision.

177. By the conduct described herein, each of the individual defendants (insofar as he or she was a director at the time) breached their respective duties of care and good faith. Each did so as alleged herein, including by, among other things, the following:

a. They failed to engage in any process to assess the skills and performance of Plaintiff as President or as CEO in connection with the decision to threaten to terminate and to terminate him, and instead pre-empted an ongoing process;

b. They abdicated, or caused other directors to abdicate, their fiduciary responsibilities as directors by creating and acting through the EC Committee;

c. They failed to take steps to cause, much less assure, that persons added to the RDI Board possessed any qualifications other than personal relationships with one or more members of the Cotter family;

d. They failed to take actions to cause, much less assure, a *bona fide*, fair and un-manipulated search for a new President and CEO to occur;

e. They failed to take and/or delayed taking action, after having been informed of the financial dependence of Adams on Cotter family businesses for income, to eliminate or even circumscribe Adam's authority as a director or as a member of the Compensation Committee responsible for determining compensation to EC and MC;

f. They failed to take actions to enable themselves to make an informed, good faith decision regarding whether to respond to the Offer, and if so, how, and instead did what they thought EC, MC or both wished.

178. As a direct and proximate result of the acts and omissions of said defendants as

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described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

179. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complained of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)

180. Plaintiff repeats and realleges paragraphs 1 through 172, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

181. Each of the individual defendants at times relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary duties of care, candor, disclosure, good faith and loyalty, to the Company, to Plaintiff and to other RDI shareholders.

182. The duty of loyalty includes the obligation to not use their positions of control of the Company, including in particular as directors, to further their own personal or financial interests or the personal or financial interests of another of them to the detriment of the interests of the Company and its shareholders.

183. By the conduct described herein, each of these defendants have undertaken to further their own interests or the interests of another of them, to the direct, immediate and ongoing detriment of the Company, Plaintiff and each of its other shareholders. That conduct includes, but is not limited to, the following:

a. Threatening to terminate Plaintiff as President and CEO if he did not strike a resolution of trust and estate disputes with EC and MC on terms satisfactory to the two of them;

b. Terminating Plaintiff as President and CEO of RDI after he did not strike a resolution of trust and estate disputes with EC and MC on terms satisfactory to the two of them;

c. Repopulating and activating an executive committee where none was needed and where the effect, if not the purpose and effect, was to prevent

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Plaintiff, Storey and Gould from fully participating as members of the RDI Board of Directors;

d. Allowing EC to direct the (supposed) search for a permanent President and CEO, allowing MC to participate, including in particular following the disclosure by EC that she was a candidate, and by effectively firing Korn Ferry in order to assure the selection of EC and selecting EC;

e. Awarding EC and MC positions they were not qualified to hold, and by gifting monies to EC, MC and Adams; and

f. As to all individual defendants other than EC and MC, choosing not to take any actions such as employing independent counsel or financial advisors to advise them regarding whether and, if so, how to respond to the Offer, but instead relying on untimely, incomplete and/or inadequate information provided by a conflicted EC and by effectively deferring to EC, MC or both of them;

g. As to all individual defendants other than EC and MC, abdicating their fiduciary responsibilities to the Company and shareholders other than EC and MC; and

h. As to EC and MC, misusing their position as purportedly controlling shareholders to usurp or attempt to usurp the authority of the RDI Board of Directors.

184. By reason of the foregoing, each of the individual defendants has breached their fiduciary obligations, and in particular their fiduciary duties of good faith and loyalty, to the Company and to Plaintiff and all other shareholders of the Company.

185. As 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.

186. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complained of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

THIRD CAUSE OF ACTION

(Breach of Fiduciary Duty—Against All Defendants)

187. Plaintiff repeats realleges paragraph 1 through 172, inclusive, of this complaint and

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incorporates them here in by this reference as though set forth in full.

188. Each of the defendants at times relevant hereto was a director of RDI. As such, each owed fiduciary duties to RDI and to its shareholders, including Plaintiff, including the duties of care, candor, disclosure, good faith and loyalty.

189. The duties of candor and disclosure require that the Individual Director Defendants each cause the Company to make timely, accurate and complete disclosures of information to its shareholders.

190. By the conduct described herein, including in particular but not limited to causing or allowing RDI to disseminate untimely and materially misleading if not inaccurate information, in SEC filings and/or by press releases, each of the individual defendants has breached his or her duties of candor and disclosure.

191. As a direct and proximate result thereof, the Company and its shareholders have suffered injury and continue to suffer injury is alleged herein.

192. Plaintiff cannot ascertain at this time the full nature, extent amount of damages suffered by virtue of the complained of conduct of said defendants.

FOURTH CAUSE OF ACTION

(Aiding and Abetting Breach of Fiduciary Duty – Against MC and EC)

193. Plaintiff repeats and realleges paragraphs 1 through 192, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

194. Insofar as any or all of Defendants contend that the decision to terminate Plaintiff as CEO and President was made based upon a vote of the non-Cotter directors, and independent of the fact that such vote was legally ineffectual, the fiduciary breaches alleged above were solicited and aided and abetted by MC and EC.

195. As alleged more fully herein, EC and MC had solicited and assisted the actionable conduct of defendants Kane, Adams and McEachern, including in particular but not limited to the threat by the three of them to terminate JJC as President and CEO of RDI if, in the few hours between the adjournment of the supposed RDI board meeting on Friday, May 29, 2015 the resumption of that supposed meeting at or about 6:00 p.m. that evening, JJC did not reach a global

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settlement agreement with EC and MC, meaning agree to their take-it or leave-it agreement or any other such agreement they would demand he accept.

196. EC and MC further solicited and aided and abetted the decisions and actions of defendants Adams, Kane and McEachern to terminate JJC as President and CEO of RDI.

197. EC and MC further prompted and aided and abetted the fiduciary breaches of other directors as alleged herein, including but not limited to matters as to which EC, MC or both abstained or otherwise did not vote, including votes regarding their employment at RDI.

198. Each of EC and MC have acted with knowledge of the fiduciary obligations of the five outside directors. Each of EC and MC have acted with knowledge of the manner in which those fiduciary obligations were breached, and aided and abetted and continue to aide and abet said breaches. Accordingly, each of EC and MC are liable for aiding and abetting those fiduciary breaches.

199. As 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.

200. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of $50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

Irreparable Harm

201. As a result of the ongoing acts of Defendants, the Company, Plaintiff and other RDI shareholders have suffered and will continue to suffer immediate and ongoing irreparable injury for which no adequate remedy at law exists, including as alleged herein. Accordingly, Plaintiff is entitled to 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 judgment finding that the actions undertaken to date, including to threaten JJC with termination and thereafter terminate JJC as President and CEO of RDI, as well as their actions undertaken in furtherance of the self-dealing and entrenchment scheme alleged herein, are legally ineffectual and

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of no force and effect, will be enjoined, or both.

202. In particular, unless such injunctive relief is granted, Plaintiff, the Company and other shareholders will suffer irreparable harm for which no adequate remedy at law exists.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants and each of them, jointly and severally, as follows:

1. For relief restraining and enjoining Defendants from taking further action to effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of RDI;

2. For a determination that the purported termination of Plaintiff as President and CEO of RDI was legally ineffectual and is of no force and effect;

3. For entry of an order that:

a. Finds that that EC, MC, and one or more of Kane, Adams and/or McEachern lacked the requisite disinterestedness and/or lacked independence and/or failed to act with the requisite disinterestedness and/or independence in voting (and purporting to act as) directors of RDI to remove Plaintiff as President and CEO of RDI, finds that actions to remove Plaintiff as President and CEO were void or voidable and declares such action voided and legally ineffectual, such that Plaintiff is restored to and EC is removed from the positions of President and CEO of RDI (unless and until such time as he resigns or is removed by way of proper and legally enforceable procedure);

b. Enjoins the individual defendants and each of them, and their agents, from any and all actions to circumvent, impair the function of or render ineffective RDI's full Board of Directors, including in particular but not limited to any and all actions to (i) delay the delivery of draft minutes of RDI Board of Directors meetings and/or cause minutes to be edited or revised to suit the litigation purposes of any or all of EC, MC, Kane, Adams and McEachern, (ii) cause the failure or untimely delivery of agendas and materials to be used at RDI Board of Directors meetings, (iii) cause

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minutes of RDI Board of Directors meeting to be inaccurate, misleading or incomplete, (iv) cause the EC Committee or any other committee of the Board of Directors (other than its audit and compensation committees in the ordinary course of business) to take any actions, to make any decisions or to otherwise act or fail to act in place or in lieu of the full Board of Directors with respect to any and all decisions of the type or nature that can be made by RDI's Board of Directors (rather than by its senior executives), and (v) put any member of RDI's Board of Directors in a position of making any decision on an informed basis, in good faith and with the best interests of all RDI shareholders in mind;

c. Directs RDI and the individual defendants to make such corrective disclosures as are determined by the Court to be appropriate, with such disclosures required to be made in advance of RDI's 2017 ASM or, alternatively, orders that the 2017 ASM to be postponed pending such corrective disclosures;

d. Enjoins the individual defendants and each of them, and their agents, from manipulating the 2017 ASM, including by entering an order sterilizing or voiding any vote they cast at or in connection with the 2017 ASM of the 100,000 shares of Class B voting stock that were the subject of an option purportedly exercised in or about September 2015 and any shares of Class B voting stock held in the name of the Trust on the Company's stock register; and

e. Requires that nominees for RDI's Board of Directors have *bona fide* qualifications to serve on the board of a public company engaged in RDI's two principal business segments, cinemas and real estate development.

4. For judgment against each of the Defendants for breach of their respective fiduciary obligations;

5. For actual and compensatory damages incurred by RDI and/or by Plaintiff and against each of Defendants in an amount according to proof at trial;

6. For costs of suit herein; and

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7. For such other and further relief as the Court may deem just and proper.

DATED this 2nd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
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VERIFICATION OF JAMES J. COTTER, JR. OF SECOND AMENDED VERIFIED COMPLAINT

I, James J. Cotter Jr., declare as follows:

1. I am over the age of eighteen (18) years and competent to testify to the matters set forth herein. Pursuant to all applicable laws, I swear as follows:

2. As a shareholder of Reading International, Inc. ("RDI"), I am plaintiff in the above-captioned action.

3. As stated in the Second Amended Verified Complaint (the "First Amended Complaint"), I am and at all times relevant to this action have been a shareholder of nominal defendant RDI.

4. I have read the Second Amended Complaint and am familiar with the contents thereof. The factual allegations therein are true based upon my personal knowledge, except for those matters set forth upon information and belief, which I believe to be true, as well.

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

DATED this 31 day of August, 2016

JAMES J. COTTER, JR.

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of September, 2016, I caused a true and correct copy of the foregoing **SECOND AMENDED COMPLAINT** to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

Lewis Roca ROTHGERBER CHRISTIE
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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER. JR,

Plaintiff,

vs.

MARGARET COTTER, et al.,

Defendant.

READING INTERNATIONAL, INC.,

Nominal Defendant.

CASE NO. A-15-719860-B

DEFENDANT WILLIAM GOULD'S MOTION FOR SUMMARY JUDGMENT

Assigned to Hon. Elizabeth Gonzalez, Dept. XI

Trial Date: November 14, 2016

TO ALL PARTIES, COUNSEL, AND THE COURT:

Pursuant to Nevada Rule of Civil Procedure 56, Defendant William Gould, by and through his counsel of record, hereby submits this Motion for Summary Judgment as to the First, Second, and Third Causes of Action in Plaintiff's Second Amended Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the accompanying Declaration of Shoshana E. Bannett and exhibits thereto, the Declaration of William Gould, the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

September 23, 2016

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

By _____

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NOTICE OF MOTION

TO: LEWIS ROCA ROTHGERBER CHRISTIE LLP, Attorneys for Plaintiff:

PLEASE TAKE NOTICE that the above Motion will be heard the 25 day of OCTOBER, 2016, at 8:30A in Department XI of the above-designated Court, or as soon thereafter as counsel can be heard.

September 23, 2016

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

By _____

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendant William Gould should be a stranger to this lawsuit. As the only defendant director who both voted against the termination of Plaintiff James Cotter Jr. ("Plaintiff" or "Cotter, Jr.") as CEO and then, upon Plaintiff's termination as approved by the rest of the Board, voted to appoint Co-Defendant Ellen Cotter as CEO, he has been stuck in the middle of a longstanding turf war. That war has pitted Plaintiff against his sisters Ellen Cotter and Margaret Cotter, as they have battled over control of Reading International ("Reading"). In the midst of this never-ending family dispute, Gould did what any independent director would have to do in this situation: take positions that he believed were in the best interests of Reading, while attempting to ignore whether they favored one side or the other.

The relevant facts that support this conclusion are not in dispute. Gould is a nationally recognized corporate lawyer who focuses his practice on advising boards of directors on how to fulfill the fiduciary duties they owe to their shareholders. Gould was appointed to Reading's Board of Directors in 2004 and, after several intervening years away, was recruited by James Cotter, Sr. ("Cotter, Sr.") to rejoin. He has served Reading with distinction and, on a board composed of family members with competing agendas, has been a sober voice of reason advocating consistently for what he believed to be in the best interests of the company and its investors. Indeed, if there is ***one*** thing upon which Reading, the Cotter siblings, the activist investors, and the rest of the Board all agree, it is on Gould's ***independence***—a position exemplified by his unpopular "no" vote on Plaintiff's termination.

Despite Gould's sterling record of service to Reading, Plaintiff nonetheless persists in holding Gould hostage in this family tug-of-war. Plaintiff's Second Amended Complaint ("SAC") alleges a noxious brew of outright falsehoods against Gould, including the over-the-top claim that the directors began "looting the company" by approving compensation (SAC, p. 42) and that Gould "effectively abdicated his responsibilities as a director" (SAC ¶ 23) by approving a litany of corporate acts.

Plaintiffs' apparent theory of the case is that if Gould did not agree with Plaintiff's

particular views or disagree with the other Defendants' positions—regardless of his independent thoughts—he has breached his fiduciary duties. This theory is, on its face, nonsensical. As a legal matter, Nevada law is absolutely clear that directors are protected against personal liability for erroneous (or even bad) decisions ***so long as they do not involve fraud, intentional misconduct, or a knowing violation of the law.*** Here, after dozens of depositions and tens of thousands of pages of discovery, there is not even one ***iota*** of evidence that Gould acted with this culpable *mens rea*. To the contrary, even the activist shareholders who intervened in this case and the Korn Ferry search firm admitted in deposition that Gould took his role seriously and acted in what he believed to be the best interests of the company. There is simply no evidence to create a genuine material issue on this foundational requirement, and for this reason alone, the claims against Gould should be summarily adjudicated.

On the factual merits of whether there was a breach of duty in the first instance, Plaintiff's claims against Gould fare no better. With respect to each and every one of Gould's seven alleged predicate violations (*see* SAC ¶ 179), there is no evidence whatsoever that Gould was unduly influenced, acted pursuant to a conflict or acted in bad faith in any way. Rather, again, Plaintiff simply imputes bad faith based solely on the ultimate position that Gould took on the issues that were before the Board. This manner of proof is insufficient to prove Plaintiffs' claim under Nevada law—and common sense. As a result, Gould should be released from this case and summary judgment should be entered.

II. STATEMENT OF UNDISPUTED FACTS

A. The Cotter Siblings Become Embroiled in Conflict Following the Death of Their Father, Reading CEO and Chairman, James Cotter, Sr.

Cotter, Sr. was the dominant figure at Reading up until his death. As the controlling shareholder of Reading, he served as its CEO for nearly 15 years and as Chairman of the Board for more than 20 years. Exh. 27 at 285.[1] Given his ownership, Cotter, Sr. hand-selected all board

[1] All references to "Exh." are to the exhibits attached to the Declaration of Shoshana E. Bannett in Support of Defendant William Gould's Motion for Summary Judgment, filed concurrently herewith in the Appendix of Exhibits, Exhibit B.

members. *Id.* at 290-291. He operated Reading in a "wheel and spoke" style, in which all Reading employees reported to him, and it "was his show." Exh. 36 at 166:13-18; 169:17-19.[2]

After presiding over Reading for well over a decade, Cotter, Sr. resigned from all of his positions at Reading on August 7, 2014, and passed away on September 13, 2014, throwing Reading into a time of transition and uncertainty. Exh. 28 at 325. Cotter, Sr.'s son, Cotter, Jr., was appointed CEO following his father's resignation. *Id.* In deciding to appoint Cotter, Jr., Reading's Board of Directors did not conduct any search or consider any other candidates. Exh. 36 at 191:22-192:14. Nor did they consider or review any materials regarding selecting a CEO. *Id.* at 177:1-4. The Board never debated his qualifications or whether he was the best person for the job.[3] Instead, the Board appointed Cotter, Jr. CEO based on the Board's understanding that Cotter, Sr., the controlling shareholder, wanted his son to succeed him as CEO. *Id.* at 162:3-7.

The Board members who appointed Cotter, Jr. were the same Board members who later voted to terminate him—with the exception of Gould. *Id.* at 177:5-8. Although Cotter, Jr. claims to have had concerns about the independence of certain directors at the time of his appointment, he never voiced any such concerns. *Id.* at 177:9-16. Despite this lack of process and purported lack of independence, Cotter, Jr. admits that his appointment as CEO was consistent with the fiduciary duty that the directors owed to the Reading shareholders. *Id.* at 191:8-13.

Following the death of Cotter, Sr., the Cotter siblings—Cotter, Jr., Chairman of the Reading Board Ellen Cotter, and Board Member and Reading Consultant Margaret Cotter—became embroiled in a dispute over Cotter, Sr.'s estate, which would determine control over Reading. *See* Exh. 41 at 65:8-66:6. As a result, the issues between the siblings relating to the estate matters "permeated the company" and "spread to employees." Exh. 37 at 321:23-24.

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[2] Citations to exhibits containing excerpts of deposition transcripts refer to the original deposition transcript page.

[3] Cotter, Jr.'s only relevant experience consisted of having been a director, being familiar with the assets and businesses of Reading, and having done (in his opinion) a good job in his year as president. Exh. 38 at 584:2-19. Cotter, Jr. believed his appointment to CEO was appropriate, because he had been "working under the expectation" that he would be his father's successor. Exh. 36 at 193:9-15.

Cotter, Jr. raised complaints against his two sisters, and his two sisters reported complaints about Cotter, Jr. *Id.* at 316:22-25.

As a result of this dysfunction, Reading's Board stepped in to mediate.[4] In March 2015, Gould and the other non-Cotter directors appointed Director Tim Storey to serve as an "ombudsman" to work with and coach Cotter, Jr. and help mediate disputes between Cotter, Jr, and Ellen and Margaret Cotter, and to report back to the Board regarding the progress. Exh. 1 at 3; Exh. 41 at 118:1-119:6; 119:17-120:2.

B. Cotter, Jr. Is Terminated as CEO Over the Objection and No Vote of Gould.

In May 2015, after several months of attempted mediation by Storey, Ellen Cotter circulated an agenda for a Board meeting with the first item reading "Status of President and C.E.O." Exh. 6 at 30; Exh. 35 at 171:22-172:25. The agenda was meant to serve as a predicate for a motion to terminate Cotter, Jr. as the president and CEO. Exh. 41 at 136:21-137:7. At the time the agenda was circulated, Ellen Cotter had discussed terminating Cotter, Jr. with Guy Adams, Ed Kane, Douglas McEachern and Margaret Cotter—but not with Gould. Exh. 35 at 176:1-8. In fact, this agenda item was the first time that Gould was informed that any of the Board was considering terminating Cotter, Jr. as CEO. Exh. 41 at 109:22-110:8.

Upon further discussion at the Board Meeting that took place on May 21, 2015, Ellen and Margaret Cotter, Adams, Kane, and McEachern made clear that they believed they had given Cotter, Jr. enough time to improve his management and that they intended to terminate him. *Id.* at 123:6-21. Despite the strongly expressed feelings of the majority of the Board, Gould spoke out against terminating Cotter, Jr. Gould told the Board that he believed that they should give Cotter, Jr. more time and that the ombudsman process and Storey's final report should be completed before any vote. *Id.* at 123:6-21; Exh. 2 at 7. Ultimately, Cotter, Jr. was not terminated at that Board meeting.

The Board then reconvened on two subsequent occasions to further discuss his

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[4] At that time, in addition to the Cotter siblings, the Board consisted of Ed Kane, Douglas McEachern, Guy Adams, Tim Storey, and William Gould. Gould was the lead independent director. Exh. 28 at 328-31; Exh. 41 at 12:11-15.

termination: first on May 29, 2015, and then on June 12, 2015. Exhs. 3; 7 at 31-33. After extensive discussions at the June 12 meeting, the issue was finally put to a vote and Cotter, Jr. was terminated as CEO and president by a vote of five to three. ***Gould voted against terminating Cotter, Jr.*** Exh. 7 at 33; Exh. 32 at 510:19-23. Immediately thereafter, the Board considered and voted to appoint Ellen Cotter, Jr. to the position of interim CEO. ***Gould voted in favor of Ellen Cotter's appointment***. Ex. 7 at 33-34.

C. After Gould Declines an Offer to Serve on Reading's Executive Committee, the Board Approves a Reconstituted Committee.

After voting to terminate Cotter, Jr., the Reading Board also voted to reconstitute the existing Executive Committee and issue a new charter. Exh. 7 at 34. Ellen Cotter asked Gould to be on the Executive Committee, but Gould declined. Exh. 41 at 25:15-20. The Board then approved a new Executive Committee, consisting of Margaret Cotter, Ellen Cotter, Ed Kane and Guy Adams, and delegated to the Executive Committee "the authority to take any and all actions that the Board may take (other than as restricted by Nevada law and the Bylaws of the Company) between the regular and special meetings of the Board of Directors." Exh. 7 at 34. The Board voted 7-1 in favor of the new Executive Committee, with Ellen and Margaret Cotter, Adams, Kane, McEachern, Storey, and Gould all supporting the measure. *Id.* Only Cotter, Jr. voted against. *Id.*

Gould had no concerns that reconstituting the Executive Committee would shuttle board decisions over to a smaller group. Exh. 41 at 28:3-12. Gould knew that many corporations have executive committees, and he recognized that any major decisions of the Executive Committee would still have to be reported to the full Board. *Id.* Gould believed that, just as a CEO cannot make major decisions without approval from the Board, the Executive Committee would not be able to make major decisions without having them vetted by the Board. Exh. 41 at 28:22-29:7.

D. After Gould Disagrees with Decision to Force Out Storey, the Board Nominates Codding and Wrotniak for Open Board Seats.

Several months after Ellen Cotter was appointed Interim CEO, Director Storey resigned from the Reading Board after being informed that he would not be re-nominated. The other

directors on the Board, with the exception of Gould, had lost confidence in Storey. Exh. 41 at 175:14-24. For example, Adams and Kane felt that Storey, while well-intentioned, increased divisiveness among the Cotters through his role as ombudsman. Exh. 33 at 274:17-277:20. Gould, however, still had confidence in Storey. Exh. 41 at 175:14-24. Gould did not play any role in Storey's departure; he was informed after-the-fact. Exh. 42 at 442:15-443:3.

Because the Board had not yet nominated anyone to fill the gap left by a former director, Storey's resignation meant that there were two open slots on the Board. Exh. 15 at 144. As a "Controlled Company" under SEC rules, Reading was not required to have a nominating committee, given that the controlling shareholder could determine the Board composition unilaterally. *Id.* at 324. Historically, Reading had not maintained a nominating committee and the directors were identified and recommended by Cotter, Sr., then approved by the Board. Exh. 27 at 290-291.

Despite the fact that a nominating committee was not required, in October 2015, Reading established a Special Nominating Committee and delegated to it the authority to interview, review the backgrounds of potential candidates, and make recommendations regarding nominees. Exh. 15 at 145. Directors Adams, Kane, and McEachern served as the members of the Special Nominating Committee. *Id.*

Ellen Cotter initially recommended Judy Codding to serve as a director. Adams, Kane and McEachern all met with Codding, believed she would be a good addition to the Board based on her business background and general demeanor, and recommended her appointment. *Id.* at 144; Exh. 46 at 349:18-24, 350:16-25; Exh. 34 at 311:15-312:24. Codding, who has a doctorate in education, was an entrepreneur who helmed a successful education company. Exh. 28 at 329. She also had experience serving on boards.[5] *Id.* Although Codding did not have experience in real estate or cinema, Reading had never had any formal criteria requiring particular qualifications or

[5] Codding came to Ellen Cotter's attention because Codding was friends with Mary Cotter, the Cotter siblings' mother. Ellen Cotter herself was not close to Codding and had met Codding between 5 and 10 times over 15 years. Exh. 34 at 307:19-308:7. The friendship between Codding and Mary Cotter was disclosed to the other Board members. Exh. 42. at 454:24-455:5. Codding also had a pre-existing relationship with Cotter, Jr. Cotter, Jr. had asked Codding for her help getting his child admitted to a private school. Exh. 46 at 353:3-10.

skills that needed to be represented on the Board.[6] Exh. 27 at 291; Exh. 38 at 808:7-15. The Board approved the recommendation and elected Codding to the Board with a vote of 6-1 with Ellen and Margaret Cotter, Adams, Kane, McEachern, and Gould voting in favor, Storey abstaining, and Cotter, Jr. voting against.

After Codding was elected, a shareholder emailed the Board and indicated that Codding had been involved in a scandal involving iPads at the LAUSD. Exh. 46 at 354:11-355:11. Although the Special Nominating Committee had conducted a background check on Codding, this information was not known to the Directors at the time Codding was elected. *Id.* at 354:11-55:11; 357:18-58:13; Exh. 41 at 177:13-78:12. The Special Nominating Committee followed up by instructing in-house counsel Craig Tompkins to investigate the allegations, and he found additional information that had not been communicated by the shareholder. Exh. 46 at 365:5-14.

After reviewing this new information, the Special Nominating Committee then had a lengthy interview with Judy Codding. In his role as lead director, Gould participated in the interview. *Id.* at 364:15-21; 365; Ex. 41 at 178:15-179:1. During the interview, Codding explained the iPad situation to the satisfaction of the Board. *Id.* at 374:5-11; Exh. 41 at 178:15-179:23 (testifying that he concluded that it was a "political thing" with no substance to the allegations). After further discussion and consideration, the Board then supported her nomination for re-election to the Board. *Id.*

The Special Nominating Committee then considered Michael Wrotniak who had been proposed by Margaret Cotter. The Special Nominating Committee had been considering and interviewed a candidate recommended by Cotter, Jr., but that candidate withdrew himself from consideration. Exh. 33 at 296:23-301:6. Margaret Cotter knew Wrotniak through a mutual friend. Exh. 39 at 320:16-321:9. This relationship was disclosed to the Board and Wrotniak informed

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[6] This has always been the case. For example, at the time that Cotter, Jr. was appointed to the Board in 2002, Reading's principal business was real estate. Exh. 36 at 137:20-25. Cotter, Jr. did not have any business experience with real estate when he was appointed to the Board. *Id.* at 138:3-16. Even though he did not have any experience with Reading's business, Cotter, Jr. believes that his appointment to the Reading Board was appropriate. *Id.* at 138:20-139:4. Cotter, Jr. agrees that in some circumstances it is appropriate for the Board to conclude that someone is suitable for a board position even though they do not have all of the preferred characteristics of a board member. *Id.* at 139:5-16.

Adams that he was independent and would always vote his mind. Exh. 33 at 268:19-23; Exh. 42 at 454:18-455:5.

The Special Nominating Committee interviewed Wrotniak before recommending him. Exh. 43 at 64:8-20; Exh. 46 at 382:1-10; Exh. 33 at 267:7-24. Although Wrotniak did not have a background in real estate or cinema, he had experience in finance and was CEO of a privately held commodities trading company. Exh. 33 at 265:8-266:14; Exh. 28 at 330. His finance background was important to the directors and he was later put on the Audit Committee. Exh. 35 at 69:6-10. The Special Nominating Committee also conducted a background check on Wrotniak. Exh. 46 at 384:4-385:1. After the Special Nominating Committee recommended Wrotniak, the Board voted to elect him to the Board by a vote of 7-1, with Cotter, Jr. voting against. Exh. 16 at 148.

Gould's involvement was not remarkable, except that he did express a concern that the Board was given a limited amount of time to consider their nominations. In response, Ellen Cotter explained to him that the compressed time period was necessary because of the impending Proxy Statement deadline and because the Special Nominating Committee had waited to involve the full Board until it was clear they would be going forward with a candidate. Exh. 41 at 171:16-22; 174:16-23. Gould was satisfied by that response. *See id.* Gould thereafter supported both Codding and Wrotniak for a variety of reasons but, in part, because there had been a conflict among the directors and he wanted to prevent the conflict from further festering. Exh. 42 at 488:18-489:23. He also supported Codding and Wrotniak because it was important that the Board be constituted in a way that would enhance cooperation and have the confidence of the CEO going forward. *Id.* As Gould explained, "at this point, the Company had been involved in dispute after dispute after dispute ... and there was also the factor of trying to get this company back on track. And I think that's what I was concerned with in approving the two new directors." *Id.*

E. After a Thorough Search, Ellen Cotter Is Appointed Permanent CEO.

After Cotter, Jr.'s termination in June 2015, Reading also immediately began the process of looking for a permanent CEO. The Board authorized Ellen Cotter to select an external search firm, and Korn Ferry was engaged. Exhs. 5 at 25; 12 at 132; 35 at 74:6-19. The CEO Search

Committee was then constituted, consisting of Ellen Cotter, Margaret Cotter, McEachern, and Gould. Exh. 12 at 132. At the time, Ellen Cotter had not indicated that she was seeking to be appointed permanent CEO. *See* Exh. 35 at 84:3-85:4.

The search process began in earnest with Korn Ferry interviewing each of the committee members in order to draft a position specification based on the characteristics the committee members were seeking in a CEO. Exh. 44 at 36:20-37:13; Exh. 35 at 78:5-10. Gould took this process seriously: before the call he reviewed an interview preparation questionnaire, considered the questions and prepared notes. Exh. 42 at 317:14-23; Exh. 8 at 37. Gould's interview with Korn Ferry lasted over an hour. Exh. 42 at 318:10-21. Korn Ferry's Robert Mayes testified that he had "sophisticated" conversations with Gould, in which Gould expressed the desire to secure a patient leader, who could deal well with activist investors. Exh. 44 at 72:21-73:14.

The position specification Korn Ferry subsequently drafted heavily emphasized real estate development experience. Exh. 9 at 53-56. However, during the selection process, Gould and the other committee members became convinced that the position specification overemphasized real estate experience. Exh. 42 at 321:7-15. Cotter, Jr. agreed that the position specification focused too much on real estate experience, stating that "[t]his is not a CEO specification. That is a CEO specification for a glorified director of real estate position." Exh. 17 at 150.

Based on the original position specification, Korn Ferry selected five candidates for the Committee to interview and circulated candidate profiles. Exh. 10 at 58-59. The interviews were scheduled to commence in November 2015. Exh. 4 at 15; Exh. 10 at 58-59. Before the first interview took place, Ellen Cotter realized that she wanted to be considered for the position. Exh. 35 at 84:3-85:4. As she reviewed the candidate profiles circulated by Korn Ferry, she thought that she compared favorably to the people Korn Ferry had found. *Id.* As soon as realized that she wanted to be considered, she called Korn Ferry and told them of her intention and also that she would be withdrawing from the CEO Search Committee. *Id.* at 91:18-92:12; *see* Exh. 42 at 357:18-24. Ellen Cotter then withdrew from the Committee before any interviews took place. Exh. 35 at 113:11-18; Exh. 42 at 356:1-12. Gould was subsequently appointed chair of the search committee. Exh. 42 at 431:4-14; Exh. 4 at 16; Exh. 11 at 123.

In November 2015, the search committee interviewed four candidates. Exh. 42 at 360:8-22. Gould was impressed with the candidates. *Id.* at 348:23-355:25. The search committee subsequently interviewed three additional candidates, including Ellen Cotter and a new candidate identified by Korn Ferry. *Id.* at 360:8-22. Ellen Cotter was the last candidate interviewed. *Id.* at 361:23-24. Gould and McEachern led the interview of Ellen Cotter, which lasted about 45 minutes and focused on her thoughts about the future of Reading. *Id.* at 363:3-23. Following Ellen Cotter's interview, Gould told the Committee that in his view, even though all the candidates had been good, he thought that Ellen Cotter made the most sense for the company. As Gould explained,

> [S]he had a great reputation, the people liked her at the company. We all enjoyed our own -- we all thought highly of her, every one of us. She is intelligent. She had the kind of a personality that could help get through some of these difficulties dealing with other people. And she had theatrical experience. She was willing to bring in real estate help. And that this was a very tough time to bring in somebody from the outside given the fact that no one knew who would actually control this company a year down the line. And for all those reasons, you know, it became apparent to me, my -- I just said, 'This makes the most sense for the company.'

Id. at 368:8-24; *see also* Exh. 41 at 55:14-21 ("Ellen was the type of person who would continue the continuity."). McEachern agreed. Exh. 42 at 368:25-369:1.

Given these conclusions, the CEO Search Committee told Korn Ferry not to perform the proprietary assessment. *Id.* at 306:9-17; Exh. 46 at 471:13-20. The Committee members did not believe they needed Korn Ferry's assessment of Ellen Cotter, since they knew her so well. Exh. 42 at 406:10-21. Indeed, Korn Ferry admitted that their assessment would not be useful as an evaluation tool for Ellen Cotter, but only as an onboarding tool. Exh. 44 at 67:3-9, The Committee subsequently instructed Korn Ferry to stop work until the Board discussed the recommendation of Ellen Cotter, in order to avoid further costs. Exh. 42 at 405:2-14; Exh. 44 at 67:10-18. . Ultimately, Reading saved $35,000 by avoiding the assessment process. Exh. 19.

On December 29, 2015, the Committee members met again to discuss recommending Ellen Cotter for permanent CEO. Exh. 11; Exh. 4 at 17-20. Among the reasons they discussed for recommending her was the scope and extent of her knowledge of Reading and her performance to date as interim CEO. *Id.* Exh. 42 at 432:7-24 (summary of discussion in Exh. 4 is accurate).

Following the discussion, the Committee held a formal vote. Exh. 11; Exh. 4 at 18. Margaret Cotter abstained, and Gould and McEachern voted in favor of recommending Ellen Cotter. Exhs. 4 at 20; 11 at 125.

The full Board subsequently met, and after a discussion about the CEO search process, Ellen Cotter, and the other candidates, the Board voted to approve Ellen Cotter as permanent CEO. Exh. 14 at 141; Exh. 42 at 423:24-424:19. The vote was 7-1, with Ellen Cotter not participating and Cotter, Jr. voting no. *Id.*

F. In Consultation with an Expert Firm and the Compensation Committee, the Board Approves Executive Compensation and Other Payments.

In March 2016, the Board approved a new schedule for executive compensation, which was recommended by the Compensation Committee. Exh. 18 at 161-162. The Compensation Committee, which at that time consisted of Kane, Codding, and Adams, evaluated compensation considerations with the assistance of an expert firm in the field of executive compensation, Willis Tower Watson, and Reading's outside lawyers at Greenberg Traurig. Exh. 25 at 209. The Compensation Committee engaged in extensive discussions with Willis Tower Watson regarding executive pay arrangements. *Id.* The Willis Tower Watson analysis indicated that the total compensation that had been paid to Ellen Cotter was below the 25th percentile in comparison to similar companies. *Id.* at 211. As a result, the Compensation Committee recommended certain increases in the pay of Ellen Cotter and other executives. *Id.* at 214. Gould relied on the work of the Compensation Committee and experts Willis Tower Watson in approving Ellen and Margaret Cotter's pay. Gould Decl. ¶ 2.[7] Notably, no one voted against Ellen and Margaret Cotter's compensation, including Cotter, Jr. Exh. 18 at 162.

In addition, both the Audit Committee (Kane, Wrotniak, and McEachern) and the Compensation Committee reviewed, considered, and recommended a one-time payment of $200,000 to Margaret Cotter to compensate her for work undertaken beyond her consulting agreement and in consideration for certain releases and waivers granted by her company as part of

[7] "Gould Decl." refers to the Declaration of William Gould in Support of Gould's Motion for Summary Judgment, filed concurrently herewith in the Appendix of Exhibits, Exhibit A.

the termination agreement between Reading and her company. Exh. 25 at 208. Gould relied on the assessment of both the Audit Committee and the Compensation Committee in approving this one-time payment. Gould Decl. ¶ 3.

Finally, in March 2016, Ellen Cotter recommended a one-time $50,000 bonus to Guy Adams because Adams had rendered extraordinary services and devoted significant amounts of time beyond what was typical for a board member. Exh. 18 at 163. His services included assisting Ellen Cotter during her transition to interim and then permanent CEO, advising on investor relations, traveling to New York to assist in the evaluation of the Union Square Project, assisting with other potential transactions, and significant time spent on the Compensation Committee and the Executive Committee. *Id.* Reading had previously issued one-time payments when a Board member spent an unusually large amount of time on Reading business. Exh. 28 at 331. The $50,000 bonus to Adams was in the range of such prior payments. *Id.* The Board approved the payment by a vote of 7-1 with Adams not participating and Cotter, Jr. voting against. Exh. 18 at 163.

G. Gould Opines that Adams Should Not Serve on the Compensation Committee, and Reading Follows His Opinion.

Before Cotter, Jr. was appointed CEO of Reading, he admits that he was concerned that Adams' finances meant that he was not independent. Exh. 36 at 177:9-12; 177: 21-23; 178:20-180:4. However, he did not express his concerns to anyone when the Board met to appoint him as CEO. Exh. 36 at 181:2-8. And despite these purported concerns, Cotter, Jr. did nothing to investigate Adams' independence for the next ***eight months***. Exh. 38 at 643:15-644:2; 647-648. Only when Cotter, Jr. realized that Adams intended to vote to terminate him as CEO did he begin investigating Adams' finances. At that time, Cotter, Jr. purportedly learned that the money Adams was receiving from Cotter-controlled entities represented a significant portion of his overall income. Exh. 36 at 182:6-18; Exh. 38 at 644:3-645:25.

At the May 21, 2015 Board meeting (the first meeting where the directors discussed terminating Cotter, Jr.), Cotter, Jr. first raised the issue of Adams' independence. Exh. 2. He also asserted that Kane was not independent. *Id.* Cotter, Jr. did not provide details regarding Adams'

purported lack of independence, other than to summarily assert that a large portion of Adams' income derived from Cotter-controlled entities. *Id.;* Exh. 41 at 30:24-31:7. Gould had no direct knowledge regarding Adams' income or net worth. Exh. 41 at 31:10-17. All of the Board members filled out D&O questionnaires, which contained their financial disclosures, and turned them in to Reading counsel. Exh. 42 at 449:16-450:9. Gould believed that Reading counsel was vetting these questionnaires for issues such as financial dependence. *Id*. And so at that time he did not inquire into Adams further, given that the Board members had a practice of not inquiring into each other's finances and of allowing conflict issues to be resolved by counsel. *Id*.

Following Adams' deposition in this case, Gould directly learned that a great percentage of Adams' income came from Reading and the Cotter family. Exh. 41 at 31:18-32:8. Gould was then asked by Reading counsel Tompkins and Ellen Cotter whether, with this information, Gould considered Adams independent for the purpose of serving on the Compensation Committee. Exh. 41 at 32:9-15. Gould informed Tompkins and Ellen Cotter that he did not believe so because if Adams' livelihood depended on Reading and the Cotter family, he could not be independent in voting on the compensation of Cotter family members. Exh. 41 at 32:11-15; 33:14-34:7. Shortly thereafter, Adams resigned from the Compensation Committee. Exh. 41 at 36:8-10.

H. Reading's Management Is Responsible for Issuing SEC Filings.

In the approximately 15 months since Cotter, Jr. was terminated, Reading filed numerous filings with the SEC, including Form 8-K filings and Proxy Statements. *See*, *e.g.*, Exhs. 21-25; 28-29. Gould did not sign any of the challenged Form 8-K filings or Proxy Statements. *Id.* Reading's counsel submitted drafts of the Form 8-K filings and Proxy Statements to the Board before filing them. Exh. 42 at 269:24-271:11. Gould's practice was to review the drafts if there was sufficient time before the filing deadline and provide counsel with comments or corrections, if he had any. *Id*. Gould relied on Reading's lawyers to decide if and when a disclosure in an SEC filing was required. *Id*. at 402:12-403:18. When Gould reviewed proxy statements, he looked at and verified facts related to him and then the only the most important parts to the extent he had personal knowledge. Exh. 41 at 179:17-180:9; Exh. 42 at 460:11-461:2. Gould relied on Reading's lawyers and the directors and executives most directly involved to vet the information

in the SEC filings as to those matters that he did not have direct involvement or knowledge. Exh. 41 at 181:10-182:7; Exh. 42 at 449:16-450:9; 460:1-462:18; 467:2-13.

III. ARGUMENT

A. Standard Of Review

Rule 56(c) of the Nevada Rules of Civil Procedure specifically authorizes the granting of summary judgment when "there is no genuine issue as to any material fact and ... the moving party is entitled to a judgment as a matter of law." NRCP 56 (c); *Sustainable Growth Initiative Committee v. Jumpers, LLC,* 122 Nev. 53, 128 P.3d 452, 458 (2006). "[I]n order to defeat summary judgment, the nonmoving party must transcend the pleadings and, by affidavit or other admissible evidence, introduce specific facts that show a genuine issue of material fact." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada,* 123 Nev. 598, 603, 172 P.3d 131, 134 (2007). "A factual dispute is genuine when the evidence is such that a rational trier of fact could return a verdict for the nonmoving Party." *Wood v. Safeway, Inc.*, 121 Nev. 724, 731, 121 P.3d 1026, 1031 (2005).

B. Plaintiff Must Meet an Extremely High Burden to Hold Gould Liable for Breach of Fiduciary Duty in Nevada.

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) damages proximately caused by the breach. *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 (2006).

Directors are given broad protections when facing such claims. Under the business judgment rule, there is a presumption that a director is acting properly. *See id.* at 636; Nev. Rev. Stat. § 78.138 ("Directors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation."). The business judgment rule protects the distinction between ordinary negligence—which is insulated from liability—and actionable gross negligence. *See F.D.I.C. v. Jacobs*, No. 3:13–CV–00084–RCJ, 2014 WL 5822873, at *4 (D. Nev. Nov. 10, 2014).

Accordingly, a board's "decisions will not be disturbed if they can be attributed to any

rational business purpose." *Sinclair Oil Corp. v. Levien*, 280 A.2d 717, 720 (Del. 1971). "[E]ven a bad decision is generally protected by the business judgment rule's presumption." *Shoen,* 122 Nev. at 636. "[O]vercoming the business judgment rules requires the articulation of facts that suggest a wide disparity between the processes the director used and that which would have been rational. In other words, the complaint must allege facts establishing a decision that is so unreasonable that it seems essentially inexplicable on any ground other than bad faith." *In re AgFeed USA, LLC*, 546 B.R. 318, 330 (Bankr. D. Del. 2016) (applying Nevada law).

Even if Cotter, Jr. is able to meet this high initial threshold, he must prove additional facts as to Gould's conduct as a director. This is because, under Nevada law, Gould still cannot be liable, unless the breach of fiduciary duty also involved intentional misconduct, fraud, or a knowing violation of the law. *Shoen,* 122 Nev. at 640; Nev. Rev. Stat. § 78.138(7).

Here, all the relevant evidence proves that Gould was operating safely within the business judgment rule and attempting to make the best decisions for Reading under extremely difficult circumstances—nothing more and nothing less. And there are no cognizable facts from which a fact-finder could infer that Gould acted with negligence, much less intentional misconduct, fraud, or a knowing violation of the law.

C. Gould's Conduct with Respect to Plaintiff's Termination Was Not a Breach of Fiduciary Duty Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Cotter, Jr.'s primary claim in this case is that the Board acted improperly when they terminated him. Preposterously, he is still pursuing a claim against Gould for breach of fiduciary duty relating to the termination, even though there is no dispute that ***Gould voted against terminating Cotter, Jr.*** Exh. 32 at 510:19-23. Given this undisputed fact, Cotter, Jr. cannot establish that Gould breached any duty with respect to his termination, let alone that Gould's conduct involved intentional misconduct, fraud, or a knowing violation of law. Cotter Jr.'s claims against Gould relating to his termination should be summarily adjudicated.

D. Gould's Conduct in Approving a Reconstituted Executive Committee Was Not a Breach of Fiduciary Duty Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Cotter, Jr. also alleges that Gould breached his fiduciary duty in approving the

reconstituted Executive Committee because the purpose in doing so was to limit the participation of Gould, Storey, and Plaintiff in Reading's corporate governance. SAC ¶¶ 99, 183(c). Setting aside the absurdity of assessing liability against Gould because he limited his own participation, Cotter Jr.'s theory is completely belied by the undisputed fact that Gould was asked to serve on the Executive Committee. Exh. 41 at 25:15-20. He chose not to serve simply because the time commitment was too extensive. *Id.* Because Gould was in fact asked to serve on the Executive Committee, it is clear that the purpose was not to exclude Gould, Storey, and Cotter, Jr.

At any rate, Cotter, Jr. cannot show that Gould's decision to approve a reconstituted Executive Committee was "so unreasonable that it seems essentially inexplicable on any ground other than bad faith," let alone that Gould's approval involved intentional misconduct, fraud, or a knowing violation of the law. Gould testified that he approved the Executive Committee because many corporations have executive committees. Exh. 41 at 28:3-12. Gould was not concerned about giving authority to a smaller group because the decisions would still be reported to the full Board, and he trusted the members of the committee not to make major decisions without Board input. Exh. 41 at 28:22-29:7. There is nothing unreasonable about approving a governance structure that is routinely used at corporations across the country. Cotter, Jr.'s claims regarding the Executive Committee must also be summarily adjudicated.

E. Gould's Conduct with Respect to the Appointment of Directors Codding and Wrotniak Was Not a Breach of Fiduciary Duty Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Cotter, Jr. contends that Gould breached his fiduciary duty in appointing Codding and Wrotniak. He argues that Wrotniak did not possess any qualifications other than a personal relationship with a friend of Margaret Cotter, and that Codding did not possess any qualifications other than a personal relationship with the Cotter siblings' mother. SAC ¶ 121-133; 177(c). He also argues that Board members should be required to have real estate or cinema experience. *Id.* These claims are fatally flawed.

When Cotter, Jr. himself was appointed to the Board, he too lacked such experience and was appointed because he was the controlling shareholder's son. Exh. 36 at 137:20-139:4. Indeed, there is no dispute that Cotter, Sr. regularly and properly selected Reading's Board members based

on friendships and family relationships—not on business experience in Reading's industry. Exh. 43 at 29:4-23; Exh. 36 at 137:20-138:16. In more than 10 years on the Board, Cotter, Jr. never challenged any of his father's appointments, even if they were his father's friends and lacked experience in Reading's substantive areas of business. *See* Exh. 27 at 287-288.

Beyond the disingenuousness of his claims, the law does not require specific experience or background to serve on the Reading Board. Under Nevada law, the only requirements to serve on a board is that a director be at least 18 years of age and a natural person. Nev. Rev. Stat. § 78.115. And Cotter, Jr. knew that Reading did not require that its directors have any additional qualifications. Exh. 38 at 808:7-15; Exh. 27 at 291. Reading clearly disclosed the fact that it had no particular requirements for directors to its shareholders.[8] Exh. 27 at 291. Here, it is undisputed that Wrotniak and Codding are over the age of 18 and natural persons. Exh. 28 at 328. The appointment of Wrotniak and Codding therefore complied with both Nevada law and Reading's bylaws.

Reading's status as a "Controlled Company" under the NASDAQ Listing Rules reinforces the propriety of the Wrotniak and Codding appointments.[9] Exh. 28 at 326. In a "Controlled Company," ***the controlling shareholder has the right to select directors*** by virtue of their ownership rights. NASDAQ Listing Rule IM-5615-5. As such, the fact that Wrotniak and Codding, both experienced business people, had tangential personal relationships with Margaret and Ellen Cotter, or that they were recommended by Margaret and Ellen Cotter, does not somehow render them unqualified to serve on the Board. This is especially true here where the relationships are so limited that they do not even call into question Codding's and Wrotniak's independence. *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart,* 845 A.2d 1040,

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[8] Shareholders who were unhappy that there were no particular qualifications required for directors had a remedy – they could sell their stock. *Brehm v. Eisner,* 746 A.2d 244, 256 (Del. 2000) (Stockholders who disdain the composition of a board can "make[e] individual buy-sell decisions involving [the company's] securities").

[9] Although Cotter, Jr. appears to allege that despite numerous SEC filings, which all state that Reading is a "Controlled Company," Reading is not actually controlled, the undisputed facts establish that Reading has been and is controlled by the Cotter family. Indeed, Cotter, Jr's own expert witness opined that "[a] Delaware Court would likely consider EC and MC to be controlling stockholders." Exh. 31 at 494.

1050 (Del. 2004) (affinities between Directors and Officers, whether "they arise before board membership or later as a result of collegial relationships among the board of directors" do not, standing alone, impede independence). And even where the relationship between the director and the controlling shareholder is much more significant, "[t]here is no obligation to draw the conclusion that family ties and experience at non-profits are inadequate qualifications to serve as a director of a public company." *Friedman v. Dolan,* No. CV 9425-VCN, 2015 WL 4040806, at *11 & n.77 (Del. Ch. June 30, 2015) ("*Friedman*").[10] Stockholders should generally be given latitude to determine whether directors are qualified to serve. *Oberly v. Kirby,* 592 A.2d 445, 469 (Del. 1991). And because "judges are not equipped to evaluate whether an individual is qualified to serve on a given board," courts should be "reluctant to create a standard whereby any director related to a controller must prove her worth and qualifications in court." *Friedman,* 2015 WL 4040806 at *11 & n.77

Cotter, Jr.'s additional complaint as to these appointments is that the decision was made on a short timeframe. Setting aside the fact that Gould was the one who raised this concern, Cotter, Jr. further ignores the fact that there was a rational business reason to consider Codding and Wrotniak on an expedited basis. Ellen Cotter explained to Gould that the compressed time period was necessary because of the impending deadline to file a proxy statement. Exh. 41 at 171:16-22; 174:16-23. Gould understood and accepted this urgency and made a decision in the time available. *See id.* As corporate governance expert Dr. Alfred E. Osborne explained, making a decision on an expedited basis under these circumstances was consistent with good corporate governance because there is value to the stockholders in being able to vote on a full slate of directors. Exh. 30 at 448.

With respect to Codding only, Cotter, Jr. contends Gould breached his fiduciary duty because Gould did not cause a basic, competent public records search or other satisfactory diligence, which would have turned up the iPad scandal, before approving Codding. SAC ¶ 126. But here, Reading utilized a Special Nominating Committee to vet board candidates. Exh. 28 at

[10] Delaware unreported cases have precedential value and may be cited. *See Aprahamian v. HBO & Co.,* 531 A.2d 1204, 1207 (Del. Ch. 1987)

326. Gould did not serve on the Special Nominating Committee. *Id*. The Special Nominating Committee consisted of Adams, Kane, and McEachern.[11] *Id*. Under Nevada law, Gould was entitled to and did rely on the recommendation of the Special Nominating Committee, who interviewed the candidates and believed they would be positive additions to the Board. Nev. Rev. Stat. § 78.138(2)(c) ("In performing their respective duties, directors and officers are entitled to rely on information, opinions, reports ... that are prepared or presented by ... [a] committee on which the director or officer relying thereon does not serve ... as to matters within the committee's designated authority and matters on which the committee is reasonably believed to merit confidence."); Exh. 46 at 349:18-24, 350:16-24, 382-83 (discussing candidates); Exh. 33 at 265:8-267:24 (discussing Wrotniak). Exh. 35 at 69:14-24; Exh. 34 at 311:15-312:24 (discussing candidates). While Gould did not specifically discuss background checks with the Special Nominating Committee, it was his understanding that the Special Nominating Committee had vetted the candidates. Exh. 41 at 177:13-178:14; 203:3-11 (Gould "blindsided" and "a little bit disappointed" when he learned that the Company had not done its own Google searches).[12]

When Gould learned that the background investigation into Codding was incomplete,

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[11] Plaintiff contends that Adams and Kane are not independent. To conserve space, Gould does not address the allegation as to Adams. That is because ***even if*** Adams was not independent, the Special Nominating Committee's recommendations were still made by an independent and disinterested majority. Cotter, Jr. concedes that McEachern is independent. Exh. 36 at 85:6-86:4. As for Kane, he does not receive any material income from the Company or the Cotters. *See* Exh. 43 at 51:19-53:3. Kane had a longstanding friendship with Cotter, Sr. *Id*. at 29:4-23. He has known all of the Cotter siblings since childhood, and his relationship was the same with all three. *Id*. at 36:5-15. Absent more, Kane's friendships with the Cotter siblings do not cast doubt on Kane's independence. *See Louisiana Mun. Police Employees Ret. Sys v. Wynn,* No. 2:12-CV-509 JCM GWF, 2013 WL 431339, at*8-*9 (D. Nev. Feb 1, 2013) (applying Nevada law and finding that allegations of a 40-year friendship and a 30-year friendship are insufficient to rebut a presumption of independence). Indeed, as the Delaware Supreme court explained, allegations of a close "friendship must be accompanied by substantially more in the nature of serious allegations" that would "support the inference that because of the nature of the relationship or additional circumstances," the "non-interested director would be more willing to risk his or her reputation than risk the relationship with the interested director." *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1051 (Del. 2004) (allegation that directors "moved in the same social circles, attended the same weddings, developed business relationships before joining the board, and described each other as 'friends' ... are insufficient, without more, to rebut the presumption of independence."). There are no other such "serious allegations" against Kane here.

[12] The Special Nominating Committee had asked its usual firm to conduct a background check, although they apparently did not do a competent job. Exh. 46 at 354:55; 357-58; 358:5-13.

Gould took immediate steps to remedy the problem. Exh. 41 at 177:13-178:14. Gould took a more active role in following up with Codding to determine what had happened in the iPad situation. *Id*. at 177:17-178:12. Gould participated in a lengthy interview with Codding. *Id.* By the end of the interview, he was satisfied that the allegations had been a "political thing" and he supported Codding's nomination for re-election to the Board. *Id*. at 178:5-179:23. Gould acted reasonably in becoming more involved after the inadequacies of the background check became clear.

Finally, regardless of whether the appointment of Codding and/or Wrotniak followed best practices, there is simply no evidence that Gould acted with intentional misconduct, fraud, or a knowing violation of the law. To the contrary, the evidence shows that Gould supported Wrotniak and Codding because he believed it was important that "the board become constituted in a way that will help ... project the company into the future and have the confidence of the CEO of the company." Exh. 42 at 489:9-16. Gould explained that "at this point, the Company had been involved in dispute after dispute after dispute. and there was also the factor of trying to get this company back on track. And I think that is what I was concerned with in approving the new directors." Exh. 42 at 489:17-23. In other words, Gould was doing his best to make the decisions that he thought were in Reading's best interest. Given Gould's clear positive intent, there is no basis to hold him individually liable for any claims relating to the appointment of Codding and Wrotniak. Summary judgment on these claims should be granted Gould's favor.

F. Gould's Participation on the CEO Search Committee and Vote for Ellen Cotter Was Not a Breach of His Fiduciary Duty Involving Intentional Misconduct or Fraud or a Knowing Violation of Law.

Cotter, Jr. alleges that Gould breached his fiduciary duties with respect to the CEO search by allowing Ellen Cotter to direct the search for a permanent CEO and by firing Korn Ferry in order to assure the selection of Ellen Cotter and by selecting her as permanent CEO. SAC ¶ 183(d). Cotter, Jr.'s claim is based on nothing more substantive than his anger that the Board replaced him with his older sister. The undisputed evidence demonstrates that Reading's CEO search was adequately conducted, more thorough than previous CEO searches, and led to the selection of a competent CEO that independent shareholders have not objected to. There was no

breach of duty here.

1. The CEO search was conducted appropriately.

The evidence shows a CEO search that was reasonable and appropriate under the circumstances. Reading retained a professional search firm, Korn Ferry. Exh. 5. Although Cotter, Jr. complains that Ellen Cotter was in charge of the selection, he does not contend that Korn Ferry was not qualified to assist with an executive search.[13] The Board then selected a search committee consisting of Ellen Cotter, Margaret Cotter, McEachern, and Gould. It is undisputed that McEachern and Gould are independent. Exh. 36 at 79:12-80:8; 85:6-86:4.[14] And the search process was reasonably thorough and appropriate. It consisted of:

- Meeting with Korn Ferry to help put together a position specification. Exh. 44 at 37:7-18; Exh. 35 at 78:5-10.
- Interviewing all of the candidates recommended by Korn Ferry. Exh. 42 at 348:23-355:25; 360:8-22.
- Interviewing Ellen Cotter after she decided that she wanted to be considered. Exh. 42 at 361:15-24.
- Causing Ellen Cotter to withdraw from the Search Committee when she announced she wanted to be considered. Ellen Cotter did not take part in any candidate interviews or deliberations about particular candidates. Exh. 35 at 91:19-92:12; 96:5-17.
- Discussing the relative merits of the external candidates against Ellen Cotter. Exhs. 4 at 16; 11 at 123-124.
- Selecting Ellen Cotter based on her job performance to date, her personality, knowledge of the Company and the stability she offered, among other factors. Exh. 42 at 368:4-369:10; Exhs. 4; 11. Gould and McEachern were unanimous in favor of Ellen Cotter. Out of an abundance of caution, Margaret Cotter did not participate in the vote. *Id.*
- Circulating a report to the full Board and presenting the Search Committee's recommendation. Exh. 14 at 139; Exh. 42 at 423:24–424:15 A majority of the independent and disinterested directors then voted to appoint Ellen Cotter as permanent CEO. *Id.*[15]

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[13] Indeed, when Cotter, Jr. was CEO, he retained Korn Ferry to help with his search for a senior real estate executive. Exh. 44 at 20:16-19.

[14] According to Korn Ferry, there is also nothing unusual about having an interim CEO, such as Ellen Cotter, participate on a CEO Search Committee. Exh. 44 at 50:13-17.

[15] The vote was 7-1 with Cotter, Jr. voting no, and Ellen Cotter not participating. Exh. 14 at 141.

While there are no rules or regulations that govern how CEO searches should be conducted, corporate governance expert Dr. Alfred E. Osborne, Senior Associate Dean at UCLA Anderson School of Management, who teaches best practices for directors and has participated in numerous CEO searches, opined that the above-described search was "appropriate and consistent with good governance practices in the search for a CEO. Exh. 30 at 436-441.

Cotter, Jr.'s criticisms of the CEO search process are really nothing more than his unsubstantiated speculation that the search would have been better if Ellen Cotter had not initially been involved and if Korn Ferry had completed their work. But even if that were true, it is legally irrelevant:

> [T]he law of corporate fiduciary duties and remedies for violation of those duties are distinct from the aspirational goals of ideal corporate governance practices. Aspirational ideals of good corporate governance practices for boards of directors that go beyond the minimal legal requirements of the corporation law are highly desirable, often tend to benefit stockholders, sometimes reduce litigation and can usually help directors avoid liability. But they are not required by the corporation law and do not define the standards of liability.

Brehm v. Eisner, 746 A.2d 244, 256 (Del. 2000).

The relevant inquiry here is not whether the Board conducted a perfect or even a successful search. The only question is whether Gould breached his fiduciary duties by engaging in intentionally wrongful conduct. The undisputed facts here do not show much of a disparity at all between an "ideal" search process and the actual process used by the CEO Search Committee (to select Ellen Cotter. To the contrary, the facts suggest that the Board's process was eminently rational, and therefore there was no breach of duty.

2. Gould did not allow Ellen Cotter to direct the CEO search.

The undisputed evidence does not support Cotter, Jr.'s contention that Gould allowed Ellen Cotter to direct the CEO search in order to assure that she was selected. If Gould had let Ellen Cotter direct the CEO search to ensure that she was selected, then one would expect Gould and Ellen Cotter to have worked to create a position specification that was more closely-tailored to her precise skill set, rather than one overemphasizing the need for real estate experience.

Nor does the evidence support a claim that her efforts to direct the CEO search began later, when she decided to become a candidate. Ellen Cotter withdrew from the Search Committee and

did not participate in the Committee's subsequent decision to ask Korn Ferry to look for candidates with more operating experience. Exh. 35 at 113:3-18; Exh. 42 at 356:1-12. The mere fact that the Search Committee decided to look at candidates with more operating experience does not suggest that the Committee was acting at Ellen Cotter's direction to ease the path for her selection. To the contrary, the undisputed evidence shows that during the process of conducting the search, Gould became convinced that the specification overemphasized real estate development experience. Exh. 42 at 321:7-15. Cotter, Jr. cannot contend that there was anything nefarious about such an opinion. After all, Cotter, Jr. agreed with Gould that the position specification overemphasized real estate experience. Exh. 17 at 150. There are simply no facts to support Cotter, Jr's theory that Gould let Ellen Cotter direct the search to assure she was selected.

3. There were rational business reasons to select Ellen Cotter as CEO.

Gould decided to recommend Ellen Cotter to be the CEO because she was intelligent, had a great reputation, was well-liked at Reading, and had the kind of personality that could help Reading get through some of the difficulties they had been having. Exh. 42 at 368:8-24. She had experience in operations and theater and was willing to bring in help to deal with real estate issues. *Id.* She had also performed well as interim CEO. Exh. 4 at 18-20. Gould also took into account that it was a difficult time to bring someone in from the outside. *Id.* In short, Gould thought she was the best person for the job. And McEachern agreed. Exh. 42 at 368:25-369:1.

All of the factors that Gould took into account in selecting Ellen Cotter are common considerations in selecting a CEO. Korn Ferry's Bob Mayes testified that internal candidates are sometimes preferred because there is less disruption internally. Exh. 44 at 57:16-20. Mayes also testified that cultural fit, motivation, drivers, personality traits, and style are all commonly considered and that a strength in these areas can outweigh a weakness in the other. *Id.* at 58:14-24. As Mayes explained, it is common to hire a candidate that does not exactly match the position specification because he's "never met a perfect candidate." *Id.* at 58:25-59:7.

Given that Gould took into account rational, commonly-considered business considerations in selecting Cotter like stability, personality, culture fit, and her success to date in the role, Plaintiff cannot show that Gould's recommendation of Ellen Cotter was "so unreasonable that it

seems essentially inexplicable on any ground other than bad faith." *See AgFeed,* 546 B.R. at 330. This is corroborated by the fact that a sophisticated independent shareholder is satisfied with Ellen Cotter's selection and does not believe there is a much better CEO for the company out there. Exh. 40 at 259:15-18. Plaintiff therefore cannot show that Gould breached his fiduciary duty in recommending Ellen Cotter for CEO.

4. There was a rational business reason to ask Korn Ferry to stop working once the CEO Search Committee selected Ellen Cotter.

Cotter, Jr. also contends that Gould breached his duty by effectively firing Korn Ferry to ensure that EC was selected. There are absolutely no facts to support Cotter, Jr.'s conspiracy theory. The undisputed evidence shows that the Search Committee used Korn Ferry's work extensively. They interviewed every external candidate suggested by Korn Ferry. Once the Search Committee was fairly certain it would recommend Ellen Cotter, it made sense to ask Korn Ferry to not to do any further work, especially since the last remaining step was an expensive close look at candidates. Exh. 42 at 405:2-14. The Committee members had known and worked with Ellen Cotter for years. *Id*. at 406:19-21. They had watched her navigate and execute the role of interim CEO. They had no need for Korn Ferry's deeper psychological assessment on Ellen Cotter's "makeup." *Id*. at 405:2-14; 406:19-21; Exh. 44 at 67:10-18. Ultimately, Reading saved $35,000 (nearly 20% of the cost of the CEO search) by asking Korn Ferry not to go forward with its proprietary assessment. Exh. 5 at 24; Exh. 19. Simply put, it was a reasonable and a rational business decision to ask Korn Ferry to stop work once a well-known internal candidate was selected, in order to save money. Plaintiff cannot show that the decision to ask Korn Ferry to stop working is "so unreasonable that it seems essentially inexplicable on any ground other than bad faith." *See AgFeed,* 546 B.R. at 330.

5. The undisputed evidence demonstrates that Gould did his best to select the most qualified CEO.

Even if there were a factual dispute as to whether Gould breached his fiduciary duties with respect to the CEO search (and there is not), there is absolutely no evidence that could support a finding that Gould acted with intentional misconduct, fraud, or a knowing violation of the law.

That is especially true because there are no Nevada or Delaware statutes governing the selection of a CEO. Nor are there any Nevada or Delaware cases that clearly establish the responsibilities of a board in connection with a CEO search, from which one could conclude that Gould knew or should have known that he was conducting a search inappropriately. In addition, all of the evidence shows that Gould was simply trying to find the best person to fill the CEO position. The Korn Ferry partner who worked most closely with the Search Committee recognized this. He testified that Gould took the process seriously, attended all search committee calls, that he was not absent and that he never said or did anything that made him think that Gould was doing anything other than trying to find the right person for the job. Exh. 44 at 70:16-74:24.[16] Because there are no facts to suggest that Gould acted with intentional misconduct, fraud, or a knowing violation of the law, summary judgment should be granted in Gould's favor on the CEO search claims.

G. Gould's Approval of Payments Was Not a Breach of his Fiduciary Duty Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Next, Cotter, Jr. contends that Gould breached his fiduciary duty in approving a salary raise for Ellen Cotter, a one-time payment to Margaret Cotter upon the windup of her consulting agreement, and a $50,000 additional payment to Adams because these were all gifts. SAC ¶¶ 151, 152, 153. Beyond Cotter, Jr.'s conjecture, there is no evidence to support the fact that these payments are gifts. As discussed below, the payments all served legitimate business purposes, and Gould appropriately relied on the work of committees and experts to determine whether and in what amount to make the payments.

1. Gould did not breach his duties in approving Ellen and Margaret Cotter's executive pay.

The undisputed facts prove that the Compensation Committee (Kane, Codding, and

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[16] In fact, the CEO Search Committee here went through a much more thorough process than was used to select Cotter, Jr., who was equally as inexperienced with real estate development as Ellen Cotter. *See infra* at p. 3. This fact proves the hypocrisy of Cotter's claim that his selection as CEO was appropriate, while Ellen Cotter's was a breach of duty, and makes Cotter Jr.'s allegation that Gould was intentionally violating even more improbable. Even if it were theoretically possible to conduct a more thorough search than the one at issue here, it defies belief that Gould intentionally violated his fiduciary duties by employing a ***more comprehensive*** practice than Reading had previously used for CEO selection.

Adams) used an expert firm, Willis Tower Watson to determine that Reading's total executive compensation was below the 25th percentile in comparison to similar companies. Based upon the expert's work, the Compensation Committee recommended an increase in total pay so that Reading's executives' total pay was comparable to similar companies. Exh. 25 at 211. Under Nevada law, Gould was entitled to rely on Willis Tower Watson and the work of the Compensation Committee because the recommendations were within Willis Tower Watson's expert competence and within the scope of the Compensation Committee's delegated authority. *See* NRS 78.138(2)(b),(c). Moreover, courts are "hesitant to scrutinize executive compensation decisions, recognizing that it is the essence of business judgment to determine if a particular individual warrants large amounts of money." *Friedman v. Dolan,* 2015 WL 4040806, at *5. It was reasonable and rational to vote for pay increases to bring Reading's executive compensation in line with the market, and there is no factual basis from which to infer that Gould breached his fiduciary duties, let alone that he acted with intentional misconduct, fraud, or a knowing violation of the law.

2. Gould did not breach his duty in approving Margaret Cotter's one-time payment.

It is undisputed that two separate committees approved the one-time payment of $200,000 to Margaret Cotter in March 2016—the Compensation Committee and the Audit Committee (Kane, Wrotniak, McEachern). There are no facts to support the contention that this payment was a gift. The committees reported that the payment was meant to compensate Margaret Cotter for additional work and in consideration for valuable releases and waivers granted by her company as part of the termination agreement between RDI and her company. Gould relied on these recommendations when he voted to approve this payment. Gould Decl. ¶ 3. It was reasonable and rational for Gould to rely on the recommendations of two separate independent and disinterested committees who had carefully considered the payment to Margaret Cotter, and it was reasonable and rational to approve payments for work that had not otherwise been paid for and valuable releases. *See* Nev. Rev. Stat. § 78.138(2)(c). Once again, there is no factual basis from which to infer that Gould breached his fiduciary duties, let alone that he acted with intentional misconduct,

fraud, or a knowing violation of the law.[17]

3. Gould did not breach any duties in approving Adams' bonus.

It is undisputed that the Reading Board had a history of approving one-time payments to directors who expended extraordinary time on the Company's behalf. Exh. 28 at 343. In fact, less than a year earlier, Cotter, Jr. himself had approved additional payments ranging from $25,000–$75,000 to non-Cotter Board members based on additional time spent on the management and personnel issues at the Company. *See* Exh. 2 at 8. Consistent with Reading's practice, in March 2016, Ellen Cotter recommended an additional one-time payment of $50,000 for Adams because he had spent a significant amount of time helping in her transition to CEO, significant committee work, and also assistance with a New York real estate development project. Exh. 18 at 163. Because Ellen Cotter had worked closely with Adams with respect to most of this additional work, she was in a position to know how much time he spent and what amount of compensation was reasonable. Under Nevada law, Gould was therefore entitled to rely on EC's recommendation regarding the $50,000 payment. Nev. Rev. Stat. § 78.138(2)(a) (Directors entitled to rely on information and opinions prepared or presented by "[o]ne of more directors, officers, or employees of the corporation reasonably believed to be reliable and competent in the matters prepared or presented."). There is no evidence that Gould breached his fiduciary duty when he approved a one-time payment to Adams for extra work, let alone that he acted with intentional misconduct, fraud, or a knowing violation of the law.

H. Gould's Failure to Take Action to Remove Adams from the Compensation Committee Before May 2016 Was Not a Breach of his Fiduciary Duty Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Cotter, Jr. also contends that Gould failed to take and/or delayed taking action after having been informed of the financial dependence of Adams on Cotter family businesses for income. SAC ¶ 177(c). But again, Cotter, Jr.'s allegations are refuted by the undisputed facts themselves.

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[17] Similarly, it was reasonable for Gould to approve Ellen Cotter's recommendation that Margaret Cotter serve in a senior position in charge of New York real estate. Gould approved the recommendation because it is his view that a CEO should be able to build his or her own team. Gould Decl. ¶ 5. If Ellen Cotter's choice of Margaret Cotter was a poor one, the directors would hold her accountable.

Gould only learned that a great percentage of Adams' income came from Reading and the Cotter family after Gould's deposition in this case, which occurred on April 28-29, 2016. Exh. 41 at 31:18-32:8. Gould then conferred with Reading counsel and CEO Ellen Cotter and informed them that based on the information about Adams' finances, Gould did not believe that Adams was independent for the purpose of serving on the Compensation Committee. *Id*. at 32:11-15; 33:14-34:7. And shortly thereafter, Adams resigned from the Compensation Committee. *Id*. at 36:8-10. In sum, after learning about Adams' finances, he acted swiftly to inform management that Adams should not serve on the Compensation Committee.

Cotter, Jr. suggests that Gould breached his fiduciary duty by not immediately acting on the allegations that Cotter, Jr leveled about Adams' finances at the time of his termination. This is yet another example of 'the pot calling the kettle black.' After all, Cotter Jr. claimed he became suspicious about Adams' financial dependence eight months before he looked into it further, and (conveniently) he never raised it when Adams supported his election to CEO. Exh. 38 at 636:2-21; 643:15-644:2; 647:13-648:6 . Moreover, Gould did not have initial suspicions significant enough to act upon. The Directors all filled out D&O Questionnaires with the details of their finances and submitted them to Company counsel. And Gould reasonably relied on counsel to vet the questionnaires for issues such as financial independence—something he was ***entitled*** under Nevada law to do. Exh. 42 at 449:16-450:9; Nev. Rev. Stat. § 78.138(2)(a) (allowing directors to rely on officers reasonably believed to be competent in the matters presented). *See also* Exh. 2 at 6 (general counsel reported that he had consulted the Company's regular Nevada corporate counsel and had been advised that Adams had no conflict that would preclude them from voting on any matter with respect to Cotter, Jr.).

I. Gould's Actions with Respect to Reading SEC Filings and Press Releases Were Not a Breach of his Fiduciary Duties Involving Intentional Misconduct, Fraud, or a Knowing Violation of the Law.

Plaintiff further alleges that Gould caused or allowed Reading to disseminate untimely or materially misleading information in SEC filings and/or press releases. SAC ¶ 190. Plaintiff's various complaints about the filings and press releases mainly take issue with statements that were not erroneous factual assertions, but rather merely management positions, as well as information

that Plaintiff contends should have been included, but was not. For example, Plaintiff contends that the following information should have been included:

- Descriptions of directors Adams, Codding, Kane, and Wrotniak in the October 20, 2015, and May 18, 2016 Proxy Statement should have purportedly included their personal ties to Cotter, Sr. and/or the Cotter sisters.
- The June 15, 2015 RDI press release was allegedly misleading because it stated that Ellen Cotter succeeded Cotter, Jr. as president but did not discuss the details of Cotter, Jr.'s termination.
- The October 13, 2015 Form 8-K allegedly should have stated that Storey retired from the Board because he would not be re-nominated and was forced to resign.

Cotter, Jr.'s claims are completely specious and legally untenable.[18] The law is clear that one cannot state a claim for breach of fiduciary duty by alleging that public filings do not contain enough information. *In re Amerco Derivative Litigation,* 252 P.3d 681, 701 (Nev. 2011) ("*Amerco*"). In *Amerco,* for example, plaintiffs alleged that the directors had "knowingly signed misleading and incomplete public filings" that failed to include details of certain allegedly self-dealing transactions" even though the defendants knew were aware of the details of the transactions. *Id.* The Nevada Supreme Court held that "simply alleging that the public filings do not contain enough information does not demonstrate that respondents engaged in intentional misconduct or fraud." *Id.* As in *Amerco,* Cotter, Jr.'s allegations that the SEC filings and press releases did not contain enough information does not demonstrate that Gould engaged in intentional misconduct or fraud, and such claims must be summarily adjudicated in Gould's favor.

Cotter, Jr. also contends that:

- The June 18, 2015 Form 8-K should not have stated that Cotter, Jr. was required to tender his resignation as a director of Reading immediately upon the termination of his employment because Cotter, Jr. contends that is not true.
- The November 13, 2015 Form 8-K should not have described the voting results of the 2015 Annual Shareholder Meeting because Cotter, Jr. believes the results were erroneous.
- The January 11, 2016 Form 8-K should not have stated that the Company

[18] Once again, Cotter, Jr. accuses Gould of breaching his fiduciary duty, even though Cotter, Jr. acted in the exact same manner for years. Specifically, Cotter, Jr. allowed the Company to file proxy statements, which failed to reveal Kane or Adams' personal friendships with Cotter, Sr. *See*, *e.g.*, Exhs. 26-27.

conducted a thorough search process for a new CEO.

- The March 15, 2016 Form 8-K should not have described the reasons that the Board approved payments to Margaret Cotter and Adams because Cotter, Jr. believes that the Board had other hidden motives for the payments that were not revealed.

First, it would have been unreasonable to include the statements that Cotter, Jr. suggests should be included in the SEC filings because such statements are inconsistent with management's positions. *See Michelson v. Duncan* 407 A.2d 211, 222 (Del. 1979) (not erroneous to fail to inform shareholders of statements which were inconsistent with management's positions).

Second, Plaintiff's contention ignores the undisputed facts regarding how such filings were made. Reading's counsel submitted drafts of the SEC filings to the directors before filing the documents. Exh. 42 at 269:24-271:11. As he was permitted to do under Nev. Rev. Stat. § 78.138, Gould relied on Reading's counsel and the directors and executives most directly involved to check the information with respect to matters Gould was not involved with. Exh. 41 at 181:10-182:7; Exh. 42 at 449:16-450:9, 460:1-462:18, 467:2-13. With respect to his own facts and any important parts of the filings that he had knowledge of, Gould reviewed and verified, and provided comments or corrections when he had them. Exh. 41 at 180:4-9; Exh. 42 at 269:24-271:11, 460:15-20. Gould's practice was reasonable and consistent with the obligations of an independent director. Exh. 30 at 451. Thus, even if the SEC filings were misleading (and they were not), there are simply no facts to demonstrate that Gould was *intentionally* trying to mislead anyone with these filings. Summary judgment on these claims should be granted.

IV. CONCLUSION

For the foregoing reasons, and the reasons stated in the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer, all of Plaintiff's claims against Defendant Gould should be summarily adjudicated in favor of Gould.

September 23, 2016

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

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Cir. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **Defendant William Gould's Motion for Summary Judgment** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 23 day of September, 2016.

Kaitlin Arendt
EMPLOYEE

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER. JR,

Plaintiff,

vs.

MARGARET COTTER, et al.,

Defendant.

READING INTERNATIONAL, INC.,

Nominal Defendant.

CASE NO. A-15-719860-B

APPENDIX OF EXHIBITS TO DEFENDANT WILLIAM GOULD'S MOTION FOR SUMMARY JUDGMENT

Assigned to Hon. Elizabeth Gonzalez, Dept. XI

Trial Date: November 14, 2016

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September 23, 2016

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

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., Plaintiff, vs. MARGARET COTTER, et al., Defendant. READING INTERNATIONAL, INC., Nominal Defendant.	CASE NO. A-15-719860-B **DECLARATION OF WILLIAM GOULD IN SUPPORT OF GOULD'S MOTION FOR SUMMARY JUDGMENT** Assigned to Hon. Elizabeth Gonzalez, Dept. XI Trial Date: November 14, 2016

DECLARATION OF WILLIAM GOULD

I, WILLIAM GOULD, declare as follows:

1. I am a party in the above-entitled action. I have personal knowledge of the facts set forth herein, which are known by me to be true and correct, and if called as a witness, I could and would competently testify thereto.

2. In March 2016, I voted to approve the executive compensation packages for Ellen Cotter and Margaret Cotter that had been recommended by the Compensation Committee. In approving Ellen and Margaret Cotter's pay, I relied on both the work of the Compensation Committee and the work of executive compensation experts Willis Tower Watson as described to me by the Compensation Committee.

3. In March 2016, I voted to approve a one-time payment of $200,000 to Margaret Cotter. This payment was recommended by Reading's Audit Committee and Compensation Committee. I relied on the assessment of both the Audit Committee and the Compensation Committee that the fact and amount of the payment were appropriate.

4. In March 2016, I voted to approve a one-time payment of $50,000 to Guy Adams based on Ellen Cotter's report of the extraordinary services he rendered and the significant amount of time he spent. I relied on Ellen Cotter's assessment that the fact and amount of the payment were appropriate because she worked closely with Adams on the additional work that he undertook and had the best knowledge of the time he spent.

5. In March 2016, I voted to approve Margaret Cotter's employment as an Executive Vice-President in charge of the New York real estate development projects. Reading's CEO, Ellen Cotter recommended Margaret Cotter for the role. In my view, a CEO should be able to select his or her own team to run the company. If Ellen Cotter's choice of Margaret Cotter turns

out to be a bad choice, the other directors and I could and would act to hold Ellen Cotter accountable.

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

Executed on September 23, 2016, at Los Angeles, California.

William Gould

WILLIAM GOULD

EXHIBIT B

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., Plaintiff, vs. MARGARET COTTER, et al., Defendant.	CASE NO. A-15-719860-B **DECLARATION OF SHOSHANA E. BANNETT IN SUPPORT OF DEFENDANT WILLIAM GOULD'S MOTION FOR SUMMARY JUDGMENT** Assigned to Hon. Elizabeth Gonzalez, Dept. XI Trial Date: November 14, 2016
READING INTERNATIONAL, INC., Nominal Defendant.	

DECLARATION OF SHOSHANA E. BANNETT

I, Shoshana E. Bannett, declare as follows:

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

2. Attached hereto as **Exhibit 1** is a true and correct copy Deposition Exhibit 11 marked at the deposition of Timothy Storey, Vol. 1, taken February 12, 2016. .

3. Attached hereto as **Exhibit 2** is a true and correct copy Deposition Exhibit 199 marked at the deposition of James Cotter, Jr., Vol. 2, taken May 17, 2016.

4. Attached hereto as **Exhibit 3** is a true and correct copy Deposition Exhibit 200 marked at the deposition of James Cotter, Jr., Vol. 2, taken May 17, 2016.

5. Attached hereto as **Exhibit 4** is a true and correct copy Deposition Exhibit 313 marked at the deposition of Margaret Cotter, Vol. 3, taken June 15, 2016.

6. Attached hereto as **Exhibit 5** is a true and correct copy Deposition Exhibit 373 marked at the deposition of William Gould, taken June 29, 2016.

7. Attached hereto as **Exhibit 6** is a true and correct copy Deposition Exhibit 338 marked at the deposition of Ellen Cotter, Vol. 3, taken June 16, 2016.

8. Attached hereto as **Exhibit 7** is a true and correct copy Deposition Exhibit 348 marked at the deposition of William D. Ellis, taken June 28, 2016.

9. Attached hereto as **Exhibit 8** is a true and correct copy Deposition Exhibit 377 marked at the deposition of William Gould, Vol. 2, taken June 29, 2016.

10. Attached hereto as **Exhibit 9** is a true and correct copy Deposition Exhibit 381 marked at the deposition of William Gould, Vol. 2, taken June 29, 2016.

11. Attached hereto as **Exhibit 10** is a true and correct copy Deposition Exhibit 386 marked at the deposition of William Gould, Vol. 2, taken June 29, 2016.

12. Attached hereto as **Exhibit 11** is a true and correct copy Deposition Exhibit 389 marked at the deposition of William Gould, Vol. 2, taken June 29, 2016.

13. Attached hereto as **Exhibit 12** is a true and correct copy Deposition Exhibit 416 marked at the deposition of Timothy Storey, Vol. 2, taken August 3, 2016.

14. Attached hereto as **Exhibit 13** is a true and correct copy of a document titled "Minutes of the Meeting of the Board of Directors of Reading International, Inc. March 19, 2015," which was produced during the course of this litigation and Bates numbered GA00004638-4641.

15. Attached hereto as **Exhibit 14** is a true and correct copy of a document titled "Minutes of the Board of Directors of Reading International, Inc. January 8, 2016," which was produced during the course of this litigation and Bates numbered JCOTTER008369-8372.

16. Attached hereto as **Exhibit 15** is a true and correct copy of a document titled "Minutes of Special Telephonic Meeting of the Board of Directors of Reading International, Inc. October 5, 2015," which was produced during the course of this litigation and Bates numbered JCOTTER011389-11393.

17. Attached hereto as **Exhibit 16** is a true and correct copy of a document titled "Minutes of Special Telephonic Meeting of the Board of Directors of Reading International, Inc. October 12, 2015," which was produced during the course of this litigation and Bates numbered JCOTTER011394-11395.

18. Attached hereto as **Exhibit 17** is a true and correct copy of an e-mail, dated January 18, 2016, which was produced during the course of this litigation and Bates numbered JCOTTER016893-16895.

19. Attached hereto as **Exhibit 18** is a true and correct copy of a document titled "Minutes of the Board of Directors of Reading International, Inc. March 10, 2016," which was produced during the course of this litigation and Bates numbered RDI0054790-54807.

20. Attached hereto as **Exhibit 19** is a true and correct copy of a document titled "Vendor Ledger" and dated April 25, 2016, which was produced during the course of this litigation and Bates numbered RDI0058287-58297.

21. Attached hereto as **Exhibit 20** is a true and correct copy of a press release titled "Reading International Announces Appointment of Ellen Cotter as Interim Chief Executive Officer," issued by Reading International, dated June 15, 2015.

22. Attached hereto as **Exhibit 21** is a true and correct copy of Reading International's Form 8K filed with the SEC, dated June 18, 2015.

23. Attached hereto as **Exhibit 22** is a true and correct copy of Reading International's Form 8K filed with the SEC, dated October 13, 2015.

24. Attached hereto as **Exhibit 23** is a true and correct copy of Reading International's Form 8K filed with the SEC, dated November 13, 2015.

25. Attached hereto as **Exhibit 24** is a true and correct copy of Reading International's Form 8K filed with the SEC, dated January 11, 2016.

26. Attached hereto as **Exhibit 25** is a true and correct copy of Reading International's Form 8K filed with the SEC, dated March 15, 2016.

27. Attached hereto as **Exhibit 26** is a true and correct copy of Reading International's Schedule 14A Proxy Statement filed with the SEC, dated April 29, 2013.

28. Attached hereto as **Exhibit 27** is a true and correct copy of Reading International's Schedule 14A Proxy Statement filed with the SEC, dated April 25, 2014.

29. Attached hereto as **Exhibit 28** is a true and correct copy of Reading International's Schedule 14A Proxy Statement filed with the SEC, dated October 20, 2015.

30. Attached hereto as **Exhibit 29** is a true and correct copy of Reading International's Schedule 14A Proxy Statement filed with the SEC, dated May 18, 2016.

31. Attached hereto as **Exhibit 30** is a true and correct copy of expert witness Alfred E. Osborne, Jr., Ph.D.'s Expert Report dated August 25, 2016.

32. Attached hereto as **Exhibit 31** is a true and correct copy of excerpts of expert witness Myron T. Steele's Expert Report dated August 25, 2016.

33. Attached hereto as **Exhibit 32** is a true and correct copy of James J. Cotter, Jr.'s Responses to William Gould's First Set of Request for Admission, dated June 13, 2016.

34. Attached hereto as **Exhibit 33** is a true and correct copy of excerpts of the deposition of Guy Adams, Volume 2, taken April 29, 2016.

35. Attached hereto as **Exhibit 34** is a true and correct copy of excerpts of the deposition of Ellen Cotter, Volume 2, taken May 19, 2016.

36. Attached hereto as **Exhibit 35** is a true and correct copy of excerpts of the deposition of Ellen Cotter, Volume 3, taken June 16, 2016.

37. Attached hereto as **Exhibit 36** is a true and correct copy of excerpts of the deposition of James Cotter, Jr., Volume 1, taken May 16, 2016.

38. Attached hereto as **Exhibit 37** is a true and correct copy of excerpts of the deposition of James Cotter, Jr., Volume 2, taken May 17, 2016.

39. Attached hereto as **Exhibit 38** is a true and correct copy of excerpts of the deposition of James Cotter, Jr., Volume 3, taken July 6, 2016.

40. Attached hereto as **Exhibit 39** is a true and correct copy of excerpts of the deposition of Margaret Cotter, Volume 2, taken May 13, 2016.

41. Attached hereto as **Exhibit 40** is a true and correct copy of excerpts of the deposition of Jonathan Glaser, taken June 1, 2016.

42. Attached hereto as **Exhibit 41** is a true and correct copy of excerpts of the deposition of William Gould, Volume 1, taken June 8, 2016.

43. Attached hereto as **Exhibit 42** is a true and correct copy of excerpts of the deposition of William Gould, Volume 2, taken June 29, 2016.

44. Attached hereto as **Exhibit 43** is a true and correct copy of excerpts of the deposition of Edward Kane, taken May 2, 2016.

45. Attached hereto as **Exhibit 44** is a true and correct copy of excerpts of the deposition of Robert Mayes, taken August 18, 2016.

46. Attached hereto as **Exhibit 45** is a true and correct copy of excerpts of the deposition of Douglas McEachern, taken May 6, 2016.

47. Attached hereto as **Exhibit 46** is a true and correct copy of excerpts of the deposition of Douglas McEachern, taken July 7, 2016.

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, and that I executed this declaration on September 23, 2016, at Los Angeles, California.

Shoshana E. Bannett

EXHIBIT 1

Message

From:	Gould, William D. [WGould@troygould.com]
Sent:	3/7/2015 12:59:55 AM
To:	gadams@gwacap.com; Kane [elkane@san.rr.com]; dmceachern@deloitteretired.com; Tim Storey [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=591186a22332497fa9c6fe7476d1f818-tim.storey]
Subject:	Confidential Memo - Reading International
Attachments:	image001.gif; Reading Intl.doc; S45C-Z troy15030616501.pdf
Flag:	Follow up

In preparation for our telephone meeting at 1:30 p.m. on March 12th, I am attaching a memorandum setting forth a proposed road map for considering the matters to be discussed at the meeting. Of course, if any of you have other matters you feel should be discussed, please let me know and I will revise the memorandum accordingly.

Bill

TroyGould

William D. Gould
(310) 789-1338 · Fax (310) 201-4746
wgould@troygould.com
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Los Angeles, CA 90067-2367
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EXHIBIT 11
Deponent Storey
Date 7/14/16 Rptr TH

PRIVILEGED AND CONFIDENTIAL

TO: Independent Directors of Reading International, Inc.

FROM: William D. Gould

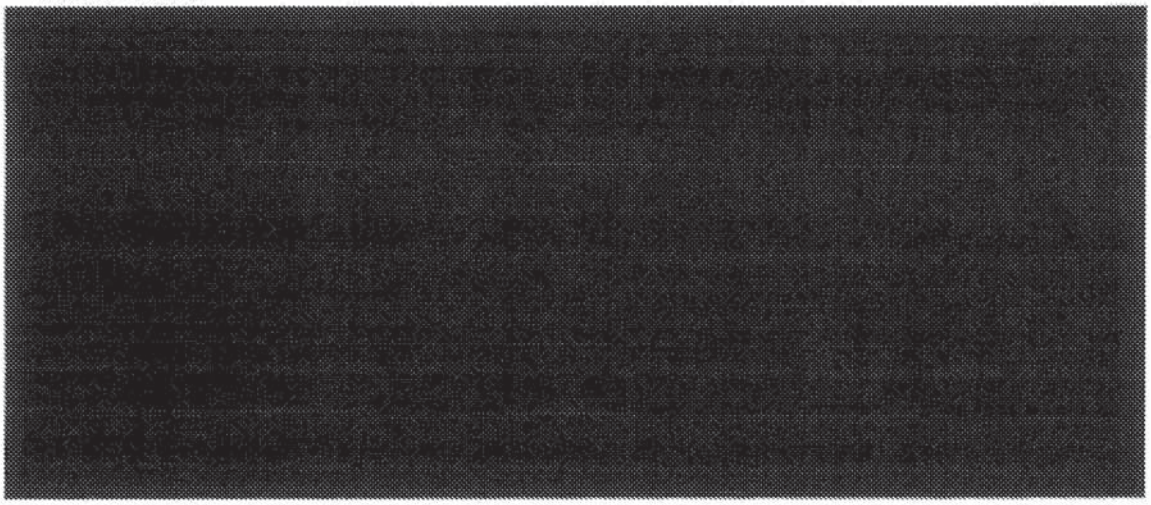
DATE: March 6, 2015

RE: Telephonic Meeting of Independent Directors of Reading International, Inc. to be held on Thursday, March 12, 2015 at 1:30 p.m. (PST)

There are at least three major matters to be considered at the upcoming telephonic meeting.

1. The Company's 10-K.
2. Response to Linda Pham's letter to Doug regarding a hostile work environment.
3. An overall plan to insure that the ongoing Cotter family litigation does not affect the Company's operations.

The first (and perhaps easiest) topic will be a discussion of the 10-K. Doug and Ed will explain the tax issue, a shift from a $4.9 million income tax expense in 2013 to a $9.8 million tax benefit in 2014.



C. The third matter is the most important one. The Independent Directors cannot allow the hostility engendered by the Cotter litigation to affect the Company. As Ed Kane has

often pointed out, our duty is to all the shareholders and not just to the Cotter family. We cannot accept a dysfunctional management team under any circumstances. Indeed, the Company has said in its public filings that the Cotters will work together notwithstanding the litigation and that they do not believe that the litigation will affect its Company's operations. But we must ask ourselves, how can we insure that the three Cotters will work together given the "thermonuclear" hostility currently existing?

My thinking is as follows:

At the Board Meeting on March 19th , we would tell (not suggest, but tell) the Cotters what our position is on this important issue.

We must be satisfied that the three of them are able to work together in a productive way. That means that they must deal with each other with professionalism and respect. For example, Jim Jr. can't go around Ellen and deal only with Bob Smerling or interview and hire a high level food and beverage executive in Ellen's area of responsibility without consulting with Ellen, and Ellen must comply with Jim, Jr.'s reasonable requests (such as providing a business plan for domestic cinemas), as would be the case with any other executive dealing with the CEO.

Here are the general directives we will lay out:

1. The lawsuit will in no way affect the Company's operations or management.

2. The Board stands behind and supports Jim, Jr. as CEO, however, the Board expects him to work respectfully and professionally with his sisters. The office environment and morale must return to normalcy. Independent Directors are investigating Linda's claims, and, if proven, the Independent Directors may require Jim, Jr. to take an anger management class. On the flip side, Margaret and Ellen must accept the fact that Jim Jr. is the CEO and must interact professionally with him as though the litigation were not pending.

3. Ellen will be given the title, President of Domestic Cinemas. Margaret will remain an independent contractor, and, at the request of the new Real Estate Director or the CEO, will provide consulting services on real estate matters.

4. Tim Storey will act as an ombudsman (and mentor to Jim, Jr.) and be the Board's point person to help make sure that the Cotters are properly interacting with each other, that the Company is functioning properly and that these general directives are being followed. In this capacity, Tim will be overseeing the operations

of the Company to a certain extent in order insure that the Company is moving in the right direction. During our March 12th conference call, Tim will outline to us in greater detail how he sees his responsibilities in this regard.

5. The existing Board members will be nominated for election at the upcoming stockholders' meeting

At the June Board meeting, we will make an assessment of how things are going and if there has not been sufficient improvement, we will take whatever actions we deem necessary or appropriate.

WDG:mew

EXHIBIT 2

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

May 21, 2015

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held in the Company's offices in Los Angeles on May 21, 2015 at approximately 11:15 a.m. (Los Angeles time).

Present were Ellen M. Cotter, Chairperson of the Board, and Board members Margaret Cotter, Vice Chairperson, James J. Cotter, Jr., William D. Gould, Edward L. Kane, Doug McEachern, Tim Storey and Guy Adams.

In attendance at the invitation of the directors were William D. Ellis, Company Secretary and General Counsel, and Craig Tompkins. Also in attendance at the request of the Chairperson were Company counsel, Gary McLaughlin and Frank Reddick, of Akin Gump Strauss Hauer & Feld, LLP. On behalf of James J. Cotter, Jr., Mark Krum of Lewis Roca Rothgerber LLP was also present.

In advance of the meeting, the Chairperson had distributed to each of the directors a notice of the meeting and an agenda. In addition, Neal Brockmeyer, counsel for the independent directors, had reported to each of the independent directors as to a telephone conversation he had on May 20, 2015 with Mr. Krum, who had informed Mr. Brockmeyer that if the Board took action at its meeting on May 21, 2015 to terminate Mr. James Cotter's employment with the Company, he would file a lawsuit in Nevada court against the directors personally based on an alleged breach of fiduciary duty of care and duty of loyalty. Further, on May 19, 2015, Mr. James Cotter had requested the Chairperson to place on the agenda of this meeting the following matters: (x) a report by him on a Review of the Company's Operations and the search for a Director of Real Estate, (y) employment agreements for Ms. Ellen Cotter and Ms. Margaret Cotter and (z) his request that the Company repurchase 100,000 shares of Class A non-voting stock owned by him.

Call to Order

Ms. Ellen Cotter, Chairperson of the Board, called the meeting to order at approximately 11:15 a.m. (Los Angeles time) and did a roll call of the attendees. Ms. Ellen Cotter acted as recording secretary for the meeting and took these minutes.

Presence of Attorneys

Prior to moving to the agenda, the Board took up the question of whether counsel from Lewis Roca Rothgerber and Akin Gump Strauss Hauer & Feld should participate in the meeting. The Chairperson informed the board that non-board members are entitled to attend the meeting only at the invitation of the Board and that Mr. Krum did not represent the Company and had indicated an intention to file a lawsuit on behalf of Mr. James Cotter against each of the other directors. Following discussion, Mr. Adams made a motion, seconded by Mr. Kane, that Mr. Krum be requested to leave the meeting. Upon a vote of 7-1, with Mr. Cotter voting against, the motion was approved.

The Board then discussed whether it was appropriate for Messrs. Reddick and McLaughlin to be present at the Meeting. The Chairperson stated that Akin Gump Strauss Hauer & Feld had been engaged by the Company on employment and certain other matters for over ten years and Messrs. Reddick and McLaughlin were present at her request. Following discussion, Mr. McEachern made a motion, seconded by Mr. Kane, to invite Messrs. Reddick and McLaughlin to attend the meeting. By a vote of 5-3, with Messrs. Cotter, Storey and Gould voting against, the motion was adopted.

Mr. Krum then addressed the Board stating that, in his opinion, the Board had not engaged in an adequate process in order to make a determination to terminate Mr. Cotter as Chief Executive Officer and that Messrs. Adams and Kane were not disinterested directors. Mr. Ellis reported that he had consulted the Company's regular Nevada corporate counsel and had been advised that Messrs. Adams and Kane had no conflict that would preclude them as a matter of law in participating in the meeting and voting on any matter with respect to Mr. Cotter.

Review of Operations

Ms. Ellen Cotter then stated that she would like take up the last item on the agenda, Mr. Cotter's report on operations, out of order as the first order of business. Mr. Cotter stated that he was not prepared to make a presentation on the Company's operations but instead would like to address the Board on his performance as Chief Executive Officer and the reasons he believed it appropriate that he continue in that role. Mr. Cotter then proceeded to speak to the Board at length about his position of President and Chief Executive Officer of the Company. He told the Board that he firmly believed that his father, James J. Cotter, Sr., the Company's former Chairman and Chief Executive Officer, had intended for him to have this role and his continuation as Chief Executive Officer would be consistent with his father's wishes. He also took issue with the independence of Mr. Kane and Mr. Adams and repeated the statements his counsel had addressed to the Board urging that they be disqualified from voting with respect to any action to terminate him as Chief Executive Officer.

The Board then proceeded to discuss at length the performance of Mr. Cotter as Chief Executive Officer and President of the Company since he was appointed in August 7, 2014.

For over the next two hours the Board discussed Mr. James Cotter's performance as Chief Executive Officer. Messrs. Adams and Kane and Madams Ellen Cotter and Margaret Cotter each stated that it would be in the best interests of the Company and its shareholders that the Board conduct a search for a qualified chief executive officer and that Mr. Cotter be relieved of his positions as Chief Executive Officer and President of the Corporation and reviewed the reasons underlying this assessment. As part of that discussion, it was noted that the independent directors had met numerous times to discuss this matter and Mr. Cotter's progress in this role. Messrs. Adams and Kane and Madams Ellen Cotter and Margaret Cotter reviewed their assessment of deficiencies that they observed in Mr. Cotter's leadership, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer. Messrs. Gould and Storey expressed their views on Mr. Cotter's performance and their conclusion that a decision to make a change in this position would not be in the best interests of the Company at this time.

At approximately 2:00 p.m. (Los Angeles time), Messrs. Gould, Kane, McEachern, Storey and Adams suggested that they continue the discussion in executive session and Ms. Ellen Cotter, Ms. Margaret Cotter, and Messrs. James Cotter, Ellis, Tompkins, McLaughlin and Reddick left the meeting.

Independent Directors Session

Messrs. Gould, Kane, McEachern, Storey and Adams continued in executive session for the next two hours during which time they continued their review of Mr. James Cotter's performance and the course of action that would be in the best interests of the Company.

Resumption of the Meeting with the Full Board

At approximately 4:00 p.m. (Los Angeles time), Ms. Ellen Cotter, Ms. Margaret Cotter, and Mr. James Cotter rejoined the meeting.

After much further discussion amongst Board members, Mr. Gould suggested that Mr. Cotter continue as President of the Company and the Board commence a search for a new Chief Executive Officer. Mr. Cotter twice refused to continue in the role of President under a new Chief Executive Officer.

After much further discussion, the Board determined to take no action at this meeting with respect to Mr. Cotter's position as Chief Executive Officer and President of the Company and that the Board would reconvene the meeting on May 29, 2015 to continue its deliberations. In the interim, the Directors would be provided the opportunity to reflect on the discussion during the meeting and Mr. Cotter indicated that he would give further consideration to continuing in the role of President of the Company under the leadership of a new Chief Executive Officer. At the request of the Board, Mr. Cotter agreed to maintain during the upcoming week a "low profile," to not take any significant corporate action and take some time out of the office.

Independent Director Compensation

The Board then discussed the inordinate amount of director time that had been spent addressing the management and personnel issues at the Company.

A motion was made by Mr. McEachern and seconded by Mr. Storey that each of the directors who are not employed by the Company or members of the Cotter family, receive a one-time bonus of $25,000 in recognition of the significant additional time required addressing these matters. Upon motion duly made, seconded and unanimously adopted, the Board approved such one-time bonus.

Ms. Ellen Cotter then adjourned the Meeting at approximately 5:00 p.m., to be reconvened on May 29, 2015 at 10:00 a.m. (Los Angeles time) at the Company's Los Angeles offices.

Ellen M. Cotter, Chairperson, Recording Secretary

EXHIBIT 3

READING
INTERNATIONAL

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

May 29, 2015

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held in the Company's Los Angeles office on May 21, 2015 and ultimately adjourned to May 29, 2010 at 11:00 a.m. (Los Angeles time).

Present were Ellen M. Cotter, Chairperson of the Board, and Board members Margaret Cotter, Vice Chairperson, James J. Cotter, Jr., William D. Gould, Edward L. Kane, Doug McEachern, Tim Storey and Guy Adams. In attendance at the invitation of the directors was William D. Ellis, Corporation Secretary and General Counsel.

Prior to the meeting, Neal Brockmeyer, counsel for the independent directors, reported to each of the independent directors as to a telephone conversation he had on May 28, 2015 with Mr. Mark Krum of Lewis Roca Rothgerber, counsel for Mr. James Cotter, Jr. Mr. Brockmeyer reported that in his conversation, Mr. Krum asserted that Mr. Guy Adams was not a disinterested director and was disqualified from voting on any matter addressing Mr. Cotter's continued employment by the Company as Chief Executive Officer and President. He also asked Mr. Brockmeyer if Mr. Brockmeyer was authorized to accept service of process on behalf of the independent directors of the Company and asked Mr. Brockmeyer to respond by 10:00 am. on May 29, 2015. The substance of Mr. Brockmeyer's report was also shared with William Ellis, General Counsel of the Company.

Call to Order

Ms. Ellen Cotter, Chairperson of the Board, called the meeting to order at approximately 11:00 a.m. (Los Angeles time) and did a roll call of the attendees. Mr. William Ellis acted as recording secretary for the meeting and took these minutes.

Status of President and Chief Executive Officer

The Board continued its discussion of Mr. James Cotter, Jr.'s performance as Chief Executive Officer and President of the Company. Prior to adjournment on May 21, 2015, the Board discussed having Mr. Cotter continue as President of the Company and to immediately commence a search for a new Chief Executive Officer. At that time, Mr. Cotter twice informed the other directors that he found that arrangement to be unacceptable. Mr. Cotter informed

the Board that he had given further thought to a role as President and that he would not agree to remain employed as President of the Company under the leadership of a new Chief Executive Officer.

Mr. Adams explained his lack of confidence in Mr. Cotter's ability to "move the Company forward", principally based on Mr. Cotter's lack of leadership skills, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer and President.

Mr. Adams' then made the following Motion:

> *I move to remove James Cotter, Jr. from his position as President and Chief Executive Officer and all other positions he holds with the Company, its subsidiaries and affiliates. Mr. Cotter's employment agreement provides that if he is terminated without cause he is entitled to severance pay. While I personally believe we may have cause in this situation, it is my proposal that we take this action to remove him "without cause" under the terms of his contract, which will provide him the benefit of the contractual severance pay, assuming there is no further breach of the agreement.*

The above Motion was seconded by Mr. McEachern.

Before Ms. Ellen Cotter opened the floor to discussion on this Motion, she read the Board the following statement:

> *I want to disclose for the record, and as all of you know, Margaret Cotter and I have an interest in litigation that has been filed in California and we are now parties to a lawsuit filed in Nevada by our brother concerning shares of stock and options formerly held by our father. Our brother is also interested in this litigation.*

Ms. Margaret Cotter confirmed for the Board that this statement also applied to her as well.

Mr. Cotter began the discussion by questioning the independence of Mr. Adams to vote on the Motion. Mr. Ellis told the Board that he had reviewed with the Company's regular Nevada counsel the substance of Mr. Brockmeyer' s report on his conversation with Mr. Krum, including the stated reasons that Mr. Adams was allegedly not disinterested and disqualified from voting on the matter before the Board. He reported to the Board that counsel had advised him that, based on the facts outlined by Mr. Krum (which were the same as those asserted by Mr. Cotter at the meeting), Mr. Adams did not have a conflict that would prevent him from voting on the above motion.

Mr. Cotter further reiterated that it was the intention of his father, the former Chairman and CEO of the Company, that he run the Company and that the Board should observe his wishes.

The Board had a lengthy discussion of Mr. Cotter's performance as Chief Executive Officer and President of the Company. Mr. Cotter disputed these characterizations of his performance and stated his belief that he was competent to continue to run the Company.

The Board then discussed various options regarding how the Company's senior management team should be structured, including terminating Mr. Cotter and appointing an interim Chief Executive Officer to run the Company until Mr. Cotter's successor could be appointed, continuing Mr. Cotter in the role as President and commencing a search for a new Chief Executive Officer (which Mr. Cotter had on three different occasions rejected), and deferring any decision with respect to Mr. Cotter's status as an officer of the Company and maintaining the "status quo" until the pending litigation between the members of the Cotter family is resolved, recognizing that the litigation could impact the control of the Company. Directors Storey and Gould urged Mr. Cotter, Ms. Ellen Cotter and Ms. Margaret Cotter to attempt to negotiate a universal settlement that would resolve issues relating to the control of the Company and provide certainty to management and stockholders alike.

Ms. Ellen Cotter then informed the Board that legal counsel for Ms. Ellen Cotter and Ms. Margaret Cotter had contacted Mr. Cotter's counsel during the last week and proposed a settlement of the litigation existing between the three of them and related trusts and estates. It was noted that settlement of the litigation could be beneficial to the Company and its shareholders because it would remove any questions regarding the voting of the Company's common stock held by the trust and estate of Mr. James Cotter, Sr., which represents a control position in the Company and may reduce or eliminate the tension and obstacles to working collaboratively as a team that currently exists among the three litigants.

Ms. Ellen Cotter then reviewed the terms of the proposal made by her and Ms. Margaret Cotter's counsel to Mr. Cotter's counsel to resolve their litigation matters. It was noted that, to the extent the proposal addressed the terms of any settlement of litigation between the family members and their related trusts and estates, it was a matter personal to the Cotter family and not a matter on which the Board would have a view. To the extent that the proposal addressed the structure of the senior management of the Company, that was a matter for the Board of Directors and could not be dictated by the terms of any settlement. However, recognizing the potential benefits to the Company and its stockholders of a settlement of the existing litigation among the Cotter family members and their related trusts and estates, the meeting went into recess at approximately 2:00 p.m. to permit Mr. Cotter and Madams Ellen Cotter and Margaret Cotter to continue their discussion of settlement terms.

The Board meeting reconvened at approximately 6:00 p.m. at the Los Angeles offices of the Company. Present in the Los Angeles office of the Corporation were Ellen M. Cotter, Chairperson of the Board, and Board members Margaret Cotter, Vice Chairperson, James J.

Cotter, Jr. and Guy Adams. Present telephonically were William D. Gould, Edward L. Kane, Doug McEachern and Tim Storey. In attendance telephonically at the invitation of the directors was William D. Ellis, Company Secretary. Each of the persons in attendance confirmed that they could hear one another.

Ms. Ellen Cotter reported that she, Ms. Margaret Cotter and Mr. James Cotter, Jr. had reached an "agreement-in-principle" regarding their various disputed issues. Ms. Ellen Cotter then proceeded to read the "agreement-in-principle" to the Board. The agreement in principle addressed the terms of the settlement of the litigation matters existing between the three Cotters and related trusts and estates and also addressed Mr. Cotter's continued role as an officer of the Company. Ms. Ellen Cotter acknowledged that she and Ms. Margaret Cotter had no authority to bind the Company or the Board as to matters related to the Company's management structure that were part of the settlement, and the Cotter parties could only agree to vote for the settlement of those issues if the Board indeed approved such matters. She further noted that the "agreement-in-principle" still had to be reviewed by counsel and documented to the Cotters' mutual satisfaction.

Adjournment

It was then determined to adjourn the meeting and to permit the Cotters to move forward to document their settlement. No action was taken by the board with respect to the motion made earlier in the meeting and no action was taken on any element of the agreement in principle arrived at between the Cotter family members and related trusts and estates.

William D. Ellis, Recording Secretary

EXHIBIT 4

READING
INTERNATIONAL

COVER NOTE

DATE: January 5, 2016

TO: Board of Directors

CC: William D. Ellis

FROM: Craig Tompkins – Recording Secretary

RE: CEO Search Committee Memo

Attached for your reference is the draft Report of the CEO Search Committee. The draft Report has been reviewed and approved by all of the Members of the CEO Search Committee, but there has not been a formal vote of the CEO Search Committee officially adopting the Report. It is anticipated that the CEO Search Committee will meet immediately prior to the Board Meeting to officially adopt the Report.

Thank you for your time and cooperation.

Date: December 31, 2015 (DRAFT)

To: CEO Search Committee

Copy: William Ellis, Esq

From: S. Craig Tompkins

Re: CEO Search Committee Report

Confidential
Privileged Attorney-Client
Communication

This is the Report and Recommendation of the CEO Search Committee (the "Committee"), formed by the Board of Directors of Reading International, Inc. (the "Company") to identify and recommend to the Board of Directors (the "Board") a candidate for the offices of President and Chief Executive Officer of the Company, to serve at the pleasure of the Board of Directors. The Committee recommends the appointment of Ellen Cotter for these positions.

Background:

One June 12, 2015, Ellen Cotter was appointed interim President and Chief Executive Officer, to serve until the next Board meeting, when the Board could more formally consider a course of action. At the following Board meeting, held June 30, 2015, Ellen Cotter's term as interim President and Chief Executive Officer was extended until the earlier of her resignation or her removal by the Board of Directors. At that same meeting, the Board delegated to Ellen Cotter responsibility and authority to select an executive search firm from among Korn Ferry, Russell Reynolds and Heidrick Struggles, pending formation of a CEO Search Committee. Ms. Cotter selected Korn Ferry (the same firm that previously had been retained to do an executive search for a director of real estate), and a contract with Korn Ferry was entered into on July 9, 2015.

Thereafter, the Committee was formed by the Board at its meeting held August 4, 2015. The initial members appointed to the Committee were Ellen Cotter, Margaret Cotter, William Gould and Doug McEachern.

The Work of the Committee:

The Committee determined that it would consider both internal and external candidates, and directed Korn Ferry to gather information concerning the Company and its needs in terms of a President/CEO, to assist the Committee in formulating an appropriate position specification, and to seek to identify candidates who could in the view of Korn Ferry reasonably meet the Company's needs. A copy of the Company's agreement with Korn Ferry is attached as Attachment 1, hereto.

Korn Ferry prepared the position specification, a copy of which is attached as Attachment 2 hereto. The position description was used by Korn Ferry to identify outside candidates. It emphasized a real estate background, based on the assumption that if an outside candidate were identified and retained, Ellen Cotter and Robert Smerling would continue to be principally responsible for the operation of the Company's domestic cinema operations and Wayne Smith would continue to be principally responsible for the operation of the Company's Australia/NZ cinema operations. From the broad pool of candidates initially screened, Korn Ferry brought forward four candidates to be interviewed. On November 13, 2015, following the interviews of the four candidates, the Committee directed Korn Ferry to focus more on individuals with both operating company and real estate experience, ideally in a public company setting. Two additional candidates were subsequently identified by Korn Ferry and interviewed by the Committee.

Korn Ferry has advised the Committee that it researched over 200 prospective candidates, had contact with approximately 60, interviewed 11, and ultimately presented six external candidates to the Committee. The search was heavily focused within Southern California, due to likely candidate perception of risk associated with the Company's ongoing litigation and shareholder activism, and resultant reticence to relocate. Copies of the resumes for each of these six individuals are attached as Attachments 3A through 3F.

During this process, Ellen Cotter advised the Committee that she was a serious candidate for the President/CEO position and, accordingly, did not participate in the interviews of any of the candidates identified and presented by Korn Ferry and resigned from the Committee. The candidates identified and presented by Korn Ferry were interviewed by Directors Margaret Cotter, William Gould and Doug McEachern.

Following the interview of the initial five candidates by the Committee, Korn Ferry on December 17, 2015 recommended that three candidates (Candidates Dan Sheridan, Marty Caverly and Ellen Cotter) be selected to undergo further and more detailed assessment by Korn Ferry as a part of the selection process. Korn Ferry also identified on December 17, 2015 an additional candidate, David Duncan, for the Committee's consideration, for a total of six candidates.

The Committee scheduled a meeting for later that same day, December 17, 2015, at 4:00 p.m. Ms. Ellen Cotter, having resigned from the Committee, did not attend the meeting

At the meeting, the Committee elected William Gould to serve as the Committee's Chairman. The Committee discussed, among other things, and not necessarily in the precise order set forth below:

- The five candidates who had been interviewed by the Committee to date,
- the impact of the determination by Ellen Cotter to apply for the positions of President and CEO,
- the benefits and detriments of the selection of Ellen Cotter as the Committee's recommended candidate for the President and CEO positions (including, without limitation, the benefit of having stability in the leadership of the Company, her long experience with the Company, her material economic stake in the Company as the direct owner of more than 800,000 shares of Common Stock, the support she already has from the Directors and senior executives of the Company and the need, if she were to be appointed to these positions, to bring in or promote from within a senior executive to assume her prior duties and the Chief Operating Officer of the Company's Domestic Cinemas),
- Korn Ferry's recommendation that Korn Ferry move forward with the assessment process for Ellen Cotter, Dan Sheridan, and Marty Caverly
- the fact that Korn Ferry had that day submitted an additional candidate, with whom Robert Mayer had been impressed, for consideration by the Committee, and
- the scope and extent of Company's contract with Korn Ferry and whether, if Ellen Cotter were to be the Committee's preferred candidate, it still made sense to incur the additional cost and expense of the Korn Ferry candidate assessment process (and to require one or more other candidates to go through such process), in light of the fact that the members of the Committee have had significant interaction with and significant opportunity to observe the skills of, Ellen Cotter including, without limitation, her actual performance of the duties of the President and CEO since her appointment by the Board as the Interim President and CEO on June 12, 2015.

The Committee also queried and received advice from Mr. Ferrario as to their fiduciary duties in connection with the selection of a President/CEO.

After discussion, it was determined that the Committee would, as soon as possible, interview both the new candidate and Ellen Cotter regarding the positon. After these interviews, the Committee would meet again and determine whether it made sense to continue with the assessment process with respect to any one or more of the candidates. It was the Committee's preliminary consensus that, if, after the interview process, Ellen Cotter was the preferred candidate, then it likely would not make sense for the Company to incur the costs and expense of additional assessment activities by Korn Ferry given the Committee members' extensive past experience with Ellen Cotter.

Mr. Tompkins was tasked with contacting Korn Ferry to set up interviews for the following week and to direct Korn Ferry not to incur any additional cost and expense assessing candidates until such time as these interviews were complete and the Committee has determined how it wished to proceed

On Friday, December 18, 2015, Mr Tompkins spoke with Robert Wagner and Robert Mayes of Korn Ferry and asked that they set up an interview with David Duncan. He also asked, on behalf of the Committee, that any further assessment work be suspended until a determination by the Committee was made as to the status of Ellen Cotter, explaining that if Ellen Cotter was selected as the candidate, the Committee did not want to incur the cost and expense of, or put the other candidates through, a further assessment process. Messrs Wagner and Mayes both stated that they understood and that no further costs or expenses would be incurred until further instructions were received by Korn Ferry from the Committee.

On December 23, 2015 the Committee interviewed Mr. David Duncan and Ellen Cotter.

Following completion of the interviews of David Duncan and Ellen Cotter, the consensus of the Committee was that Ellen Cotter would likely be the Committee's recommended candidate. Thereafter, a further meeting of the Committee was set for December 29, 2015, to make a final review of the candidates, and determine how best to proceed

On December 29, 2015, a meeting of the Committee was held commencing at approximately 2:30 p.m. Attending the meeting were Members William Gould (Chair), Margaret Cotter and Doug McEachern. Present at the invitation of the Committee were Craig Tompkins, Recording Secretary, and Mark Ferrario, outside counsel

Before considering the recommendation of a candidate, the Committee discussed whether it was appropriate for Margaret Cotter to vote on the matter. In its considerations, the Committee discussed the facts that Margaret Cotter was the sister of Ellen Cotter, was part of a "group" with Ellen Cotter for SEC reporting purposes, was the President of Liberty Theaters and would thereby be reporting to Ellen Cotter (should Ellen Cotter be appointed as President and Chief Executive Officer) and held a variety of other fiduciary duties and obligations as a Co-Executor of the James J. Cotter, Sr. Estate and as a Co-Trustee of the James J. Cotter, Sr. Trust. The Committee concluded that, given her position as Co-Executor of the James J. Sr. Estate and as Co-Trustee of the Cotter Trust, as a practical matter, Margaret Cotter's support of any candidate was critical. this was one of the reasons that she had been selected to participate on the Committee in the first place and she had been elected to the Committee by the Board with full knowledge of these facts and relationships. The Committee concluded that, ultimately, whether or not Margaret Cotter should vote on the matter would be left for Margaret Cotter to determine.

The Committee next took up the recommendation to the Board of candidate for President and Chief Executive Officer of the Company to serve at the pleasure of the Board. The Committee noted that the candidates presented by Korn Ferry had varying backgrounds,

skill sets and compensation requirements, but were all of the highest caliber, and that any of them would likely be competent to run a company such as Reading.

The Committee discussed, among other things, but not necessarily in the order set forth below (as the discussion took up a number of topics on more than one occasion during the discussion), and without attempting to assign any particular order of importance or significance, the following:

- The benefits of selecting a President/CEO who has the confidence of the existing senior management team;
- The benefits of selecting a President/CEO who knows the Company, its assets, personnel and operations and who could "hit the ground running;"
- The fact that it would be beneficial to the Company and to the interests of stockholders generally to have a period of management stability, so that management could focus on the implementation of the Company's mixed entertainment/real estate development business plan;
- The fact that the compensation demands of certain of the President/CEO candidates seemed to reflect the erroneous belief on their part that the Company was in extremis and needed to be turned around or redirected, when, in fact, the Company is doing well from an operating point of view and the Board is comfortable with the Company's mixed entertainment/real estate business plan;
- The fact that the bulk of the Company's cash flow is derived from its entertainment activities, and that the maintenance and growth of that cash flow is of primary importance for the Company to execute on its business plan;
- The fact that, as a practical matter, the nominee will need to be acceptable to Ellen Cotter and Margaret Cotter as representatives of the controlling stockholder of the Company;
- The benefits and detriments of having a Chairman/CEO and of having a Chairman/CEO who is also a controlling stockholder of the Company;
- The performance of Ellen Cotter in uniting the current senior management team behind her leadership under the unusual and stressful circumstances of recent months;
- The scope and extent of Ellen Cotter's knowledge of the Company, its assets, personnel and operations, including its overseas and real estate assets, personnel and operations;

- Ellen Cotter's experience and performance as a senior executive of the Company, and her performance since June 12, 2015 as the Company's interim President and Chief Executive Officer;

- Ellen Cotter's experience and involvement in the Company's public reporting activities and working in a public company environment;

- The fact that Ellen Cotter had demonstrated her competency and experience in dealing with real estate matters in her handling of the Cannon Park and Sundance matters and her activities in connection with the development/refurbishment of a variety the Company's cinemas.

- The practical difficulties of having an executive management structure where two of the executives reporting up to a new outside chief executive officer would be members of the Board and controlling stockholders of the Company.

- Ellen Cotter's plan for transitioning out of her current position as chief of operations of the Company's domestic cinemas in order to be able to appropriately handle the duties of President and Chief Executive Officer;

- The scope and extent of the other demands upon Ellen Cotter's time, given her other duties and responsibilities with respect to the administration of her father's estate and the other assets included within that Estate (including, by way of example, the Estate's interest in Cecelia Packing, Sutton Hill Associates, Shadow View Land & Farming, and the 86th Street Cinema) and the various conflicts of interest arising due to her, at times, potentially conflicting duties in her capacity as an officer and director of the Company and as a Co-Executor of the James J. Cotter, Sr. Estate and a Co-Trustee of the James J. Cotter, Sr. Trust;

- The scope and extent of her personal financial interest in the Company, and the scope and extent of her control over the Company given her position as Co-Executor of the James J. Cotter, Sr. Estate, and as a Co-Trustee of the James J. Cotter, Sr. Trust, and the likely impact of such interests and obligations on her performance as President and Chief Executive Officer;

- The qualifications, experience and compensation demands of the other candidates;

- The fact that her appointment would likely be opposed by James J. Cotter, Jr., and would likely be made an issue in the pending derivative litigation being prosecuted by James J. Cotter, Jr., and

- The need, for the stability of the Company, to bring the CEO search to a conclusion.

Committee Determination:

After discussion in which all members participated and during which a variety of questions were asked and advice provided by counsel regarding the fiduciary obligations of the Committee Members and the Committee, on motion duly made and seconded, the Committee resolved to recommend to the Board Ellen Cotter as President and Chief Executive Officer (no longer serving as "Interim President and Chief Executive Officer"), to serve at the pleasure of the Board. Messrs. Gould and McEachern each voted Yes. Margaret Cotter, for a variety of reasons, as outlined above, elected to Abstain, but stated her concurrence with and support of the Committee's recommendation.

Although it was the consensus of the Committee that, if she is appointed by the Board as the President and Chief Executive Officer, Ellen Cotter's compensation should be revisited in light of her increased duties and responsibilities, the Committee determined that the negotiation of her employment terms had not been delegated to it, and that this would be a matter more properly addressed by the Company's Compensation and Stock Options Committee and Board.

This Report was prepared by Craig Tompkins, serving as Recording Secretary, and has been reviewed and approved by all members of the Committee.

S. Craig Tompkins
Recording Secretary

CONFIDENTIAL

EXHIBIT 5

KORN FERRY

1900 Avenue of the Stars, Suite 2600
Los Angeles, California 90067

PRIVATE AND CONFIDENTIAL

July 9th, 2015

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Los Angeles, California 90045

Dear Ellen,

Thank you for including Korn Ferry International ("Korn Ferry") in the discussion to undertake the search for a Chief Executive Officer for Reading International, Inc. ("RDI"). This letter outlines our understanding of your needs as well as our search and assessment processes, staffing, compensation parameters, and details of our fee and expense arrangements.

If you are in agreement with this engagement letter, we ask that you sign and return the acknowledgment form, which authorizes us to proceed with the search assignment. Please return via fax or email in addition to sending the original by mail.

OUR UNDERSTANDING OF YOUR REQUIREMENTS

After a series of rapid changes and a level of organizational discomfort, RDI requires a strong leader to stabilize the environment within the company. The new Chief Executive Officer must ensure alignment of goals across the leadership team, and preserve a tightly knit culture while optimizing the impact of a strong senior leadership team, and directly impact value creation for the firm's real estate portfolio.

THE PARTNERSHIP

Our experience over forty years has shown that the most successful search assignments are those in which we work closely and partner with our client. While we seek to identify and recommend qualified candidates for a position, you and your colleagues will decide whom to hire. There are several ways in which you can enhance this partnership:

- Indicate clearly those areas relevant to the search that you wish us to keep confidential.
- Provide timely feedback to Korn Ferry on all aspects of the assignment.
- Schedule interviews promptly with candidates and report your findings as soon as possible.

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WIT Gould
PATRICIA HUDDLESON

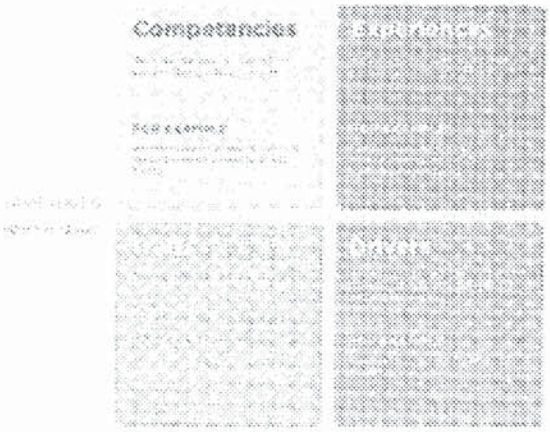
- Provide Korn Ferry with information on candidates you may have identified from other sources or from within your organization, so that they may be evaluated as part of the search process.
- Provide information to candidates about your company that will enable them to make informed career decisions
- Agree on a communication strategy to discuss the progress of the search, including marketplace intelligence affecting the search.

CEO SEARCH / ASSESSMENT: INTEGRATED PROCESS AND APPROACH

As part of the engagement Korn Ferry will design and deploy a customized assessment process for finalist candidates (up to six). We will leverage the same assessments and processes for both internal and external candidates. This provides several benefits. It will provide an objective and unbiased comparison of both internal and external candidates. Internal candidates and the selected CEO will also receive feedback and coaching so that they understand their results compared to benchmarks. Furthermore, internal candidates will also receive developmental information so they understand why they may not have been selected as CEO as well as their leadership gaps and steps they can take to close the gap. Finally, we will work with the selected CEO to create a development plan to enhance their onboarding and future success. An overview of the assessment process for candidates you are considering as your next CEO is as follows.

Step One: Mobilization

We will partner with the CEO Selection Committee to pursue alignment for and definition of a tailored RDI CEO Success Profile. This profile will guide our pursuit and vetting of candidates and ultimately your selection of the next RDI CEO. To create the success profile we will leverage Korn Ferry's proprietary four dimensions (KF4D) of leadership framework and processes (illustrated below).



The creation of a success profile involves the following activities:

- Review of Reading International business and strategy documents
- Interview Selection Committee members and other key stakeholders
- Draft CEO Success profile to include strategic context, company culture and values, CEO role responsibilities, competencies, experiences, traits and drivers
- Review, vetting and approval of a customized Reading International CEO success profiles

Step Two: Online Assessments

Candidates will take our proprietary online assessment(s) demonstrated to distinguish their capabilities. For example, The Korn Ferry Assessment of Leadership Potential (KFALP) captures data that is aligned with three of the four domains of a CEO Success Profile: experience, traits (e.g., personality) and drivers. Specifically, KFALP measures candidates business experience, motivators, personality traits, derailers, self-awareness, learning agility, and capacity for problem solving. The fourth domain, competencies (i.e., leadership skills/capabilities), are measured through interviews and described in the next section. Additional online assessment may be included as we gather requirements for the CEO role.

Step Three: Leadership and Skills Interview

A maximum of six finalist candidates (internal or external) will then participate in a two hour face-to-face Leadership and Skills interview with a Korn Ferry leadership consultant and search consultant. This interview will explore and collect evidence covering each of the core skills and leadership competencies Korn Ferry research has shown to be critical for success in the RDI success profile. The consultants will probe and validate specific areas from the assessment results, review the executive's experience, probe into approaches to key situations the executive has faced, and explore career aspirations. The consultants may also draw on other data as supplied by RDI including role descriptions.

Step Four: Data Analysis and Draft Reports

Following the interviews of internal candidates and external finalist candidates, the consultants will draft the assessment reports based on the outcomes of the on-line assessment, comparison to the best-in-class profile for the position, leadership interview, skill interview plus analysis of any other data available, as appropriate. The reports will integrate all findings and clearly identify strengths and development opportunities.

Step Five: CEO and Board Briefing

Once all of the assessments have been completed, the consultants will review these reports with you and the Board in detail and share conclusions and recommendations regarding readiness for the CEO role.

Step Six: Candidate Feedback and CEO Onboarding

The leadership and/or search consultants will provide individual face-to-face feedback to the internal candidates and your new CEO. For internal candidates, this session typically last 1-1.5 hours and focuses on discussing strengths, areas of potential concern and developmental

suggestions that will help them advance their leadership capabilities in their current or future roles. For the new CEO, we recommend a more in-depth coaching and feedback sessions (2-3) that includes the creation of an onboarding action plan to most effectively hit the ground running in the first 60-90 days on the job. If warranted or desired additional coaching can be arranged.

PROFESSIONAL FEES AND EXPENSES

Our professional fees are non-contingent and non-refundable. The professional fee for the **assessment** project is $70,000, billed in two monthly installments of $435,000. The first installment is due and payable upon your acceptance of this engagement letter. Billings for the second installment will be rendered ninety (90) days respectively after the date of your acceptance of this engagement letter. The billings are due and payable upon receipt.

Our **search** fees are equal to 30 percent (30%) of the total first year's estimated compensation for each position we intend or are intended to fill. As an exception to this, in the event a pre-designated "carve out" candidate is hired (up to a maximum of three) within ninety (90) days of the inception of the search we will reduce our fee to twenty five percent (25%) of the total first year's estimated compensation. For fee calculation purposes, estimated first year compensation includes base salary, target or guaranteed incentive bonus. We will exclude equity compensation from the fee calculations.

In addition to our fees, Korn Ferry is also reimbursed for all administrative support, Search Assessment and research services. These expenses will be billed at a flat fee of $10,000 and payable pro rata at the time of each fee installment.

From a compensation standpoint, we anticipate a required package of a base salary of $350,000 to $450,000 with an annual performance-based bonus target of up to one hundred percent (100%). In addition, long term incentive compensation in form of restricted shares and / or stock options upfront and annually, providing for meaningful economic upside.

Our initial fee for this search assignment is $150,000 and it is our practice to bill this fee, along with administrative expenses, in three (3) installments of thirty four percent (34%), thirty three percent (33%) and thirty three percent (33%). The first installment is due and payable upon your acceptance of this engagement letter. The search fees will not exceed $250,000.

Billings for the second and third installments will be rendered forty five (45) and ninety (90) days respectively after the date of your acceptance of this engagement letter. The billings are due and payable upon receipt. If the estimated initial fees have been fully invoiced prior to the completion of the assignment, no further fees will be billed until the engagement has been concluded.

There will also be cancellation of additional outstanding payment for Head of Real Estate search billed June 15, 2015 in the amount of $42,967.

At the conclusion of the search assignment, we will reconcile any outstanding fees, i.e., the difference between the initial fees (noted above) and the final sum based upon the placed candidate's actual compensation. In the event that more than one executive is hired as a result of the work performed by Korn Ferry, a full fee, based upon actual first year compensation, will be due for each individual hired. Our fees and expenses are neither refundable nor contingent upon our success in placing a candidate with your organization. This fee structure applies even if an internal candidate emerges as your choice.

Either party may discontinue this assignment by written notification at any time. Our first fee and expense installment is a minimum retainer and, thus, is non-refundable even if you cancel within thirty (30) days of your acceptance of this proposal; in such event, the second and third fee and expense installments will no longer be due or payable. If cancellation occurs after thirty (30) days, and prior to sixty (60) days, the second fee and expense installment shall be due and payable in full; in such event, the third fee and expense installment will no longer be due or payable. If cancellation occurs after sixty (60) days, all fees and expenses have been earned and are payable in full.

CLIENT SATISFACTION

Korn Ferry actively seeks client feedback on the quality of our work. At the conclusion of the assignment, we may ask you to take part in Korn Ferry's Client Satisfaction Survey conducted by an independent organization. We seek your candid assessment of our work so that we may be responsive to any suggestions regarding our professional service.

KORN FERRY GUARANTEE

Korn Ferry guarantees every placed candidate for a period of twelve months from his/her start date. If a candidate is released by the client company for performance related issues during the first twelve months of his/her employment, or leaves of his/her own volition Korn Ferry will conduct a new search to replace the candidate for no additional retainer (charging only expenses as incurred). This excludes candidates who leave for reasons such as a change in ownership, organizational realignment and restructuring.

THE CONSULTING TEAM

A key component of the Korn Ferry executive search process is the appointment of the consulting team. Robert Wagner will have overall relationship management responsibility, while I will lead the search assignment, including candidate development, interviews, report writing, references, education verification, compensation negotiation and follow-up. I will be supported by Dan Pulver who will assist in the identification of qualified candidates. Sidney Cooke will lead the assessment process. Anjelica Zalin will manage administrative details. Our contact numbers are as follows:

Robert Wagner Senior Client Partner	Office Direct: Mobile: Email:	(310) 226-2672 (310) 344-7297 robert.wagner@kornferry.com
Robert Mayes Senior Client Partner	Office Direct: Mobile: Email:	(310) 226-6369 (312) 656-9407 robert.mayes@kornferry.com
Sidney Cooke Managing Principal, LTC	Office Direct: Mobile: Email:	(415) 277-8300 (303) 330-5115 Sidney.cooke@kornferry.com

KORN FERRY

Dan Pulver Senior Associate	Office Direct: Mobile: Email:	(310) 226-6339 (410) 258-7949 dan.pulver@kornferry.com
Anjelica Zalin Project Coordinator	Office Direct: Email:	(310) 226-6357 anjelica.zalin@kornferry.com

CONCLUSION

Ellen, we would be delighted to have the opportunity to work with you on this important assignment for Reading International, Inc. We recognize the role the successful candidate will play in your company's future plans, and can assure you of our commitment on your behalf. Please call me if you have any questions or require any further information.

Yours sincerely,

Robert Mayes
cc. Robert Wagner, Sidney Cooke

KORN FERRY

ACKNOWLEDGEMENT

Reading International, Inc. authorizes Korn Ferry to proceed with an executive search assignment for the position of Chief Executive Officer

Please indicate your acceptance of the terms and conditions set forth above by signing and returning a copy of this agreement via email or fax (310) 553-6452 and following up with the hard copy in the mail

Ellen Cotter — 05/03/2015

Ellen Cotter
Board Director
Reading International, Inc.

Date

Robert Mayes
Senior Client Partner
KORN FERRY

Date

Invoices should be addressed for the attention of:

Name: Ellen Cotter
Billing address: 6100 Center Drive, Suite 900
Los Angeles, CA 90045

RDI0005748

EXHIBIT 6

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Tuesday, May 19, 2015 6:09 PM
To: Margaret Cotter; James Cotter JR; Kane (elkane@san.rr.com); dmcEachern@deloitte.com; Tim Storey; Guy Adams; wgould@troygould.com
Cc: William Ellis
Subject: Agenda - Board of Directors Meeting - May 21, 2015

Dear All: Below is the agenda for Thursday's Meeting of the Board of Directors. Please note that Bill Gould asked that the Meeting begin at 11.15am

Reading International, Inc.

Meeting of the Board of Directors

May 21, 2015 ~ 11.15am

1. Status of President and CEO
2. Directors' Compensation
3. Tim Storey's Compensation
4. Nevada Interpleader Action
5. Proposed By-Law Amendments
6. Status of Craig Tompkins and Robert Smerling
7. Status of Ellen Cotter and Margaret Cotter
8. Director of Real Estate Candidate Search
9. Stomp Litigation Update
10. Review of Operations

Chairperson of the Board
Ellen M. Cotter

EXHIBIT 338 6/16/16

EXHIBIT 7

READING
INTERNATIONAL

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

June 12, 2015

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held on June 12, 2015 at approximately 11:00 a.m. (Los Angeles time) by telephone conference call.

Present were Ellen M. Cotter, Chairperson of the Board, and Board members Margaret Cotter, Vice Chairperson, James J. Cotter, Jr., William D. Gould, Edward L. Kane, Doug McEachern, Tim Storey and Guy Adams. In attendance at the invitation of the directors was William D. Ellis, Corporation Secretary and General Counsel of the Company. Ms. Cotter confirmed with each director that (i) there were no other participants on the telephone, (ii) each of the participants could hear one another and (iii) the call was not to be recorded.

Prior to the meeting, on May 20, 2015 and May 28, 2015, Mr. Krum, counsel for James J. Cotter, Jr., contacted Neal Brockmeyer, counsel to the independent directors, and informed Mr. Brockmeyer that Mr. Cotter intended to file a lawsuit against the directors personally for breach of fiduciary duty if they took action to terminate Mr. Cotter as Chief Executive Officer and President of the Company.

Call to Order

Ms. Ellen Cotter, Chairperson of the Board, called the meeting to order at approximately 11:00 a.m. (Los Angeles time) and did a roll call of the attendees. Mr. William Ellis acted as recording secretary for the meeting and took these minutes.

Status of President and Chief Executive Officer

The Board continued its discussion of Mr. James Cotter, Jr.'s performance as Chief Executive Officer and President of the Company. Ms. Ellen Cotter reviewed with the directors the discussions to date. The independent directors had met on numerous occasions to discuss Mr. Cotter's performance leading up to a Board meeting on May 21, 2015. Prior to that time Ms. Cotter had several conversations with each of the independent directors regarding her assessment of Mr. Cotter's performance as Chief Executive Officer and her opinion that it would be in the best interests of the Company to relieve Mr. Cotter of these positions and immediately commence a search for a new Chief Executive Officer. The Board met in excess of

EXH 348
DATE 6-28-16
WIT Ellis
PATRICIA HUBBARD

5 hours on May 21, 2015 and over 3 hours May 29, 2015 to review Mr. Cotter's performance and evaluate the structure of the senior management at the Company.

As part of those deliberations, the Board discussed various options regarding how the Company's senior management team should be structured, including terminating Mr. Cotter and appointing an interim Chief Executive Officer to run the Company until Mr. Cotter's successor could be appointed, continuing Mr. Cotter in the role as President and commencing a search for a new Chief Executive Officer (which Mr. Cotter has on three different occasions rejected) and deferring any decision with respect to Mr. Cotter's status as an officer of the Company and maintaining the "status quo" until the pending litigation between the members of the Cotter family is resolved, recognizing that the litigation could impact the control of the Company.

At these meetings Mr. Cotter addressed the Board extensively on his performance and his view that a termination of his officer positions would be contrary to his father's wishes and that he would not accept a position as President of the Company reporting to a new Chief Executive Officer.

The Board adjourned its meeting on May 29, 2015 to permit the Cotter family members to definitively document a previously agreed to "agreement-in-principle" regarding the settlement of existing litigation among them. Ms. Ellen Cotter reported that Mr. Cotter had recently informed Ms. Ellen Cotter and Ms. Margaret Cotter that he did not intend to proceed with that "agreement-in-principle."

Mr. Adams then reiterated his position that he lacked confidence in Mr. Cotter's ability to "move the Company forward" principally based on Mr. Cotter's lack of leadership skills, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer and President.

Mr. Adams' then made the following motion:

> *I move to remove James Cotter, Jr. from his position as President and Chief Executive Officer and all other positions he holds with the Company, its subsidiaries and affiliates. Mr. Cotter's employment agreement provides that if he is terminated without cause he is entitled to severance pay. While I personally believe we may have cause in this situation, it is my proposal that we take this action to remove him "without cause" under the terms of his contract which will provide him the benefit of the contractual severance pay, assuming there is no further breach of the agreement.*

The above motion was seconded by Mr. McEachern.

Before Ms. Ellen Cotter opened the floor to discussion on this Motion, she read the Board the following statement:

> *I want to disclose for the record, and as all of you know, Margaret Cotter and I have an interest in litigation that has been filed in California and we are now parties to a lawsuit filed in Nevada by our brother concerning shares of stock and options formerly held by our father. Our brother is also interested in this litigation.*

Ms. Margaret Cotter confirmed for the Board that this statement also applied to her as well.

There then commenced a lengthy discussion regarding Mr. Cotter's performance. Each of the directors had an opportunity to fully state their position on the motion and the reasons therefor.

Mr. Cotter then asked that the Board defer any vote on his status until the next scheduled Board meeting on June 15, 2015. There was little support for that proposal, and no motion was made by any of the directors.

Ms. Cotter then called for a vote on the motion. By a vote of five in favor, three opposed, with Messrs. Cotter, Gould and Story voting against, the motion passed. Ms. Cotter stated that this vote represented a majority of the independent directors.

In casting their votes, Ms. Ellen Cotter and Ms. Margret Cotter stated that the record should reflect that they cast their votes despite the litigation conflict previously described because they had determined that the motion was fair to the Company and in the best interests of its shareholders.

Ms. Cotter, at this point, also advised Mr. Cotter what is clear in his Employment Contract. He is under obligation to resign his positions with the Company. She asked Mr. Cotter to provide his written resignation by the following Monday. Also, at the conclusion of the meeting, she asked Mr. Cotter to gather his personnel belongings and to leave the office.

Appointment of Interim Chief Executive Officer

The Board then discussed various options regarding how the Company's senior management team should be structured following the termination of Mr. Cotter, including naming Ms. Ellen Cotter as the Company's Interim Chief Executive Officer to run the Company until a successor Chief Executive Officer is appointed. After some discussion, it was decided that Ms. Ellen Cotter, the current Chairman of the Board, would serve in the role of Interim Chief Executive Officer until the following Board Meeting, when the Board could more formally review an

appropriate course of action. By a vote of six in favor, one opposed and 1 abstention, the Motion passed. Mr. Cotter voted against the motion and Ms. Ellen Cotter abstained.

The Executive Committee

Ms. Cotter then stated that it was appropriate in light of the events that the Board reconstitute the existing Executive Committee and issue a new charter. Mr. Adams proposed that the new members of the Executive Committee be as follows: Margaret Cotter, Ellen Cotter, Edward L. Kane and Guy Adams.

Ms. Ellen Cotter moved for the adoption of the following resolution, which she read:

> *IT IS HEREBY RESOLVED that the Board of Directors of the Company hereby removes the existing members of the Executive Committee and approves the appointment of a new Executive Committee, and the Board of Directors for the Company hereby approves the creation of a new Executive Committee as authorized in the Bylaws of the Company. As the date hereof, the Executive Committee shall have the following general powers and be comprised as set forth below:*
>
> *General Powers: The Board of Directors hereby delegates to the Executive Committee the authority to take any and all actions that the Board may take (other than as restricted by Nevada law and the Bylaws of the Company) between the regular and special meetings of the Board of Directors.*
>
> *Composition: The Executive Committee shall be comprised of the following members of the Board of Directors of the Company: Ellen Cotter, Margaret Cotter, Ed Kane and Guy Adams.*

The Motion was seconded by Mr. McEachern.

There was some discussion about the role of the Executive Committee. It was agreed that the Executive Committee would not take any significant action prior to the next Board Meeting.

By a vote of seven in favor, one opposed, the Motion passed. Mr. Cotter voted against the motion.

Conclusion of Meeting

There being no further business, Ms. Cotter concluded the Meeting at 1:00 p.m. (Los Angeles time).

_____
William O. Ellis, Recording Secretary

DRAFT

EXHIBIT 8

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Monday, August 24, 2015 6:16 PM
To: William Gould; dmceachern@deloitte.com; Margaret Cotter
Subject: Reading CEO Search Questionnaire
Attachments: RDI Interview Preparation FINAL.docx

Please see attached Questionnaire from Korn Ferry. I will be following up with you today.

Thanks ellen

From: Jim Aggen [mailto:Jim.Aggen@KornFerry.com]
Sent: Friday, August 21, 2015 10:17 AM
To: Laura Batista; Robert Mayes
Cc: Ellen Cotter; Sidney Cooke; Dan Pulver
Subject: RE: RDI Information Packet

Hi Laura,

Attached is the interview pre-work, which can be distributed to the committee. We would ask that they review and rank the items on page two in advance of our conversation.

Thanks,
Jim

From: Laura Batista [mailto:Laura.Batista@readingrdi.com]
Sent: Friday, August 21, 2015 9:23 AM
To: Robert Mayes
Cc: Ellen Cotter; Jim Aggen; Sidney Cooke; Dan Pulver
Subject: RE: RDI Information Packet

Dear All:

Ellen told me there is a questionnaire for the Search Committee members. Do you think the committee should have the questionnaire prior to their first meeting (conference call) with you?

If yes, would you be so kind to email me the questionnaire and then I will forward it to the committee.

Thank you,
Laura

EXH 377
DATE 6-29-16
WIT Gould
PATRICIA HUBBARD

KORN FERRY

READING INTERNATIONAL Interview Preparation

As input to the creation of a future-oriented success profile for the role of CEO, Reading International, we will conduct a 60 minute interview with you.

The purpose is to understand your perspectives on the critical experiences and capabilities for Reading International's CEO to be successful. The focus of the conversation is twofold, given the current circumstances inherent to the company:

- **The potential role of the new CEO in navigating the near term issues with ongoing litigation and capital markets activities**
- **The role of the new CEO in leading the enterprise in the long term, operating under the assumption that the current circumstances will be stabilized**

Below are questions we will cover in our discussion with you. A worksheet follows on page 2 that may help you think through question #4.

1. What is your perspective on the appropriate strategy for Reading International going forward? What does the future mix of real estate development and cinema exhibition look like?

2. What will make the next CEO successful from your perspective? What is important, culturally?

3. Beyond near term issues, what do you see as the key challenges for Reading International in the next 3-5 years?

4. Given those challenges, what are the critical CEO capabilities and prior experiences needed to successfully address those challenges? For example, should the candidate possess a real estate or consumer oriented background?

5. A future CEO will work with many members of the incumbent leadership team. As you think about the future strategy, how prepared do you think the incumbent leadership team is to meet the challenges ahead? How would you describe the current strengths and gaps of the team as a whole relative to the successful execution of the strategy?

6. What personal traits and motivations would you expect to see exhibited in a successful future Reading International CEO?

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